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15 January 1986

## SOUTHEAST ASIA REPORT

## CONTENTS

## AUSTRALIA

Hayden-Mochtar Meeting Analyzed, Improving Relations Foreseen (J.A.C. Mackie; THE BULLETIN, 17 Dec 85).....	1
Long-Term Hopes of Manufacturing Sector Viewed (John Stackhouse, THE BULLETIN, 10 Dec 85).....	4
Devaluation Impact Analyzed	4
Macroeconomic View	7
Future of Major Export Commodities Examined (Nigel Austin; THE BULLETIN, 10 Dec 85).....	8
Briefs	
Hayden on Violence in South Africa	12
Meteorological Cooperation With PRC	12

## FIJI

Steps Taken To Oust Opposition Leader (Umendra Singh; THE FIJI TIMES, 30 Nov 85).....	13
Briefs	
Gold Discoveries	15

## INDONESIA

East Timor Minister Stresses FRETILIN Negotiating Role (Mari Alkatiri Interview; JORNAL DE ANGOLA, 18 Oct 85).....	16
Mokhtar Rejects Appeal for UN Role of East Timor (Melbourne Overseas Service, 18 Dec 85).....	22

52 High-Ranking Army Officers Retire (ANTARA NEWS BULLETIN, 12 Nov 85).....	23
Dharsono Hints at Government Complicity in '84 Riot (AFP, 17 Dec 85).....	24
Sabotage Ruled Out in TV Station Explosions (KOMPAS, 12 Dec 85).....	26
Border Problem Domestic Affair, Irian Jaya Governor Says (ANTARA NEWS BULLETIN, 14 Nov 85).....	27
Indonesia Will Arrest Irianese Separatists if They Return (AFP, 20 Dec 85).....	28
Minister Lauds Religious Harmony in Irian Jaya (ANTARA NEWS BULLETIN, 15 Nov 85).....	29
Minister Appreciates Work of Foreign Missionaries in Irian Jaya (ANTARA NEWS BULLETIN, 16 Nov 85).....	30
Transmigration Program in Irian Jaya Called Positive Step (ANTARA NEWS BULLETIN, 17 Nov 85).....	31
PNG Pleased With Settlement for Former Border Crossers (ANTARA NEWS BULLETIN, 19 Nov 85).....	32
First Trade Surplus With Thailand in Ten Years (ANTARA NEWS BULLETIN, 20 Nov 85).....	33
PRC Trade Official Meets Chamber of Commerce Officials (ANTARA NEWS BULLETIN, 14 Nov 85).....	34
Sudharmono on Implications of Trade With PRC (MERDEKA, 19 Dec 85).....	35
ROK Trade Mission Exploring Investment Possibilities (ANTARA NEWS BULLETIN, 14 Nov 85).....	36
Trade With Taiwan Not Affected by Trade With PRC (ANTARA NEWS BULLETIN, 11 Nov 85).....	38
PRC Officials Studying Trade Possibilities in Ujungpandang (ANTARA NEWS BULLETIN, 11 Nov 85).....	39
Habibie Calls for Merger of Car Assembly Plants (ANTARA NEWS BULLETIN, 12 Nov 85).....	40
Domestic Fuel Oil Consumption Estimated To Decrease in Pelita IV (ANTARA NEWS BULLETIN, 17 Nov 85).....	41



South Korea Asks Indonesia for Gas Contract Flexibility (AFP, 16 Dec 85).....	42
Projected Output of Forest Products (ANTARA NEWS BULLETIN, 18 Nov 85).....	44
Briefs	
'Cocktail Party' Proposal	45
Mokhtar Visit to Australia	45
Mokhtar Returns From Australia	45
Veto of Jenkins Bill	46
Diplomatic Relations With Seychelles	46
Transmigrants From West Java	46
Mokhtar Attends Romulo Funeral	46

## LAOS

Kaysone Evaluates LPDR Progress Since 1975 (Kaysone Phomvihane; NHAN DAN, 2 Dec 85).....	47
Defense Minister Greets SRV Counterpart on Anniversary (Vientiane Domestic Service, 22 Dec 85).....	56
Vientiane Ridicules Son Sann Resignation Threat (Vientiane Domestic Service, 23 Dec 85).....	58
Vientiane Questions Thai Sincerity on Relations (Vientiane Domestic Service, 26 Dec 85).....	60
Albanian Delegation Departs, Activities Cited (Vientiane Domestic Service, 27 Dec 85).....	62
Vientiane Rally Marks 41st Anniversary of VPA (Vientiane Domestic Service, 21 Dec 85).....	64
Provisional Regulations on State Enterprises (PASASON, 16 Dec 85).....	66
Briefs	
SRV Group Leaves Houa Phan	72
SRV Delegation Leaves	72
SRV Provincial Delegation Arrives	72
Thai King's Birthday Reception	72
Commemorative Coins	73
Lecturers Delegation Returns	73
Exhibition in Luang Prabang	73
Bulgarian Front Meeting	73
Bulgarian Soiree	73
Delegation Back From SRV	74
Women Lecturers to SRV	74
Delegation to Italy	74

Agreement With SRV Province	75
Ortega Greet Souphanouvong	75
Ortega Greet Kayson	75
India Greet Leaders	75
DPRK Greet Leaders	76
Sisophon Visit Bolikhamsai	76
Souphanouvong Meet LFNC	76

#### MALAYSIA

Malaysia Lifts Ban on Political Gatherings (AFP, 17 Dec 85).....	78
Musa Hitam on Lifting of Ban on Political Gatherings (Kuala Lumpur Domestic Service, 17 Dec 85).....	79
Kuala Lumpur Reports Tin Producers Proposal for Talks (Kuala Lumpur International Service, 19 Dec 85).....	80
Briefs	
Finance Loan Scandal Report	81
Cancellation of Peace Meeting	81
Former UN Ambassador Dies	81

#### NEW ZEALAND

Wellington Publishes Discussion Paper on Defense Options (AFP, 20 Dec 85).....	83
Lange Denies Short-Term Troop Withdrawal From Singapore (AFP, 21 Dec 85).....	84
Government Nuclear Stand 'Welcomed' by Cuba (Richard Neville; THE EVENING POST, 7 Dec 85).....	85
Deputy Prime Minister Interviewed on Nuclear Row (Tony Garnier; THE EVENING POST, 10 Dec 85).....	87
Lange Elaborates on Antinuclear Law (Debra Sturm; THE EVENING POST, 11 Dec 85).....	93
Nuclear Ship Ban 'Applies Strictly Only to Ports' (Tim Grafton; THE EVENING POST, 11 Dec 85).....	95
Wellington Paper's Concern Over Antinuclear Bill (Editorial; THE EVENING POST, 14 Dec 85).....	97
Finance Minister Unveils Farming Restructure Package (AFP, 12 Dec 85).....	99

Energy Projects Expected To Incur Large Losses (AFP, 26 Dec 85).....	101
Briefs	
Compensation From France	103
Aid for KPNLF Supporters	103

## PHILIPPINES

BULLETIN Columnist Lauds Cory Aquino 'Leadership' (A.O. Flores; BULLETIN TODAY, 6 Dec 85).....	104
Paper Predicts Cory To Give Marcos 'Toughest' Fight (Editorial; ANG PAHAYAGANG MALAYA, 6 Dec 85).....	105
Columnist Publishes Letter Supporting Aquino (Ernesto R. Rodriguez; ANG PAHAYAGANG MALAYA, 7 Dec 85)....	107
Opposition Publisher Urges Aquino Campaign Evaluate Support (Jose G. Burgos; ANG PAHAYAGANG MALAYA, 7 Dec 85).....	110
MALAYA Columnist Analyzes Cory Aquino 'Bandwagon' (Alfonso O. Policarpio, ANG PAHAYAGANG MALAYA, 7 Dec 85)...	111
Davao Paper Reports Revamp at Regional Command XI (THE MINDANAO DAILY MIRROR, 6 Dec 85).....	114
Financing Arranged for Sugar Exports to U.S. (BULLETIN TODAY, 22 Dec 85).....	115
Paper Reports Bank Dilemma Over Sugar Financing (ANG PAHAYAGANG MALAYA, 9 Dec 85).....	116
Development Authority Seeks Revamp of Sugar Commission (Ma. Rosa Ocampo; ANG PAHAYAGANG MALAYA, 12 Dec 85).....	117
Government Borrowing From Central Bank Rises (Rigoberto D. Tiglao; BUSINESS DAY, 19 Dec 85).....	119
Bankers Confident in Future Strength of Peso (BUSINESS DAY, 19 Dec 85).....	121
Central Bank To Pay Interest on Debts to Banks (BUSINESS DAY, 13 Dec 85).....	123
Corporations' Debts To Be Rescheduled (BUSINESS DAY, 16 Dec 85).....	124
Interest on Agricultural Loan Time Deposits Cut (BUSINESS DAY, 16 Dec 85).....	125

Airline Loses Petrol Tax Exemption (Geselle J. Militante; BUSINESS DAY, 18 Dec 85).....	126
Government Plans New Growth Program for Economy (BULLETIN TODAY, 13 Dec 85).....	128
Bank Gives Explanation for Losses (BULLETIN TODAY, 19 Dec 85).....	129
Tax Collections Reported Up by 47.8 Percent (BUSINESS DAY, 23 Dec 85).....	131
Manila Restructures Tariff Rates for Industry (Daniel C. Yu; BUSINESS DAY, 12 Dec 85).....	133
Consumption of Petrol, Related Products Falls (BUSINESS DAY, 23 Dec 85).....	135
Briefs	
Record Rice Harvest Predicted	136
SINGAPORE	
VOMD Criticizes Singapore on Press Freedom (Voice of Malayan Democracy, 19 Dec 85).....	137
Briefs	
Minister of State Resigns	139
THAILAND	
Monk Describes Chamlong Sect Affiliation, Precepts (Phra Phothirak Interview; LAK THAI, 28 Nov 85).....	140
Letter Scores Poor Treatment of Muslims in South (WIWAT, 25 Nov-2 Dec 85).....	146
Palace Handles Phoumi Nosavan Cremation; LPDR Approached (NAEO NA, 17 Nov 85).....	148
Official Reactions Muted Over End to Textile Embargo (LAK THAI, 21 Nov 85).....	150
Briefs	
Upgrade of Special Warfare Command	152

## CAMBODIA

### PEOPLE'S REPUBLIC OF KAMPUCHEA

Army Emulation Achievements of Eastern Zone Cited (Phnom Penh Domestic Service, 6 Dec 85).....	153
Report on Agricultural Developments 2-15 Dec (Various sources, various dates).....	155
Briefs KPRAF Successes Noted	158

## VIETNAM

### MILITARY AFFAIRS AND PUBLIC SECURITY

Improved Military Work in Organs, Enterprises Urged (Editorial; QUAN DOI NHAN DAN, 7 Oct 85).....	159
------------------------------------------------------------------------------------------------------	-----

### INTERNATIONAL RELATIONS, TRADE AND AID

Hanoi Reviews Developments After U.S.-USSR Summit (Hanoi International Service, 19 Dec 85).....	161
Briefs Outgoing Australian Envoy	163
Nicaraguan Youth Union Delegation	163

### ECONOMIC PLANNING, TRADE AND FINANCE

HCM City Commercial Sector Endeavors To Master Market (Tran Hoang; QUAN DOI NHAN DAN, 8 Oct 85).....	164
Armed Forces Said To Play Role in Market Management (Viet An; QUAN DOI NHAN DAN, 7 Oct 85).....	168
Song Be, Thuan Hai Strengthen Market Management (QUAN DOI NHAN DAN, 4 Oct 85).....	171
Hanoi, Thuan Hai, Lam Dong Strengthen Market Management (NHAN DAN, 10 Oct 85).....	173

### AGRICULTURE

Efforts Made To Make Up for Flood Losses (QUAN DOI NHAN DAN, 6 Oct 85).....	175
--------------------------------------------------------------------------------	-----

NHAN DAN Urges Restoration of Animal Husbandry After Floods (Editorial; NHAN DAN, 10 Oct 85).....	178
Poorly Managed Draft Animals Die During Winter (NHAN DAN, 20 Nov 85).....	181
Seminar Discusses Ho Chi Minh City Industrial Development (NHAN DAN, 17 Nov 85).....	183

#### LABOR

Temporary Regulations on Instructor Supplements Issued (GIAO DUC LY LUAN, No 5, Aug 85).....	185
Provincial Party Schools Gain Teaching Management Experience (GIAO DUC LY LUAN, No 5, Aug 85).....	187

#### HEALTH, EDUCATION AND WELFARE

Improved Service Operations Will Increase Free Time (Mai Huy Bich; NHAN DAN, 17 Nov 85).....	189
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AUSTRALIA

HAYDEN-MOCHTAR MEETING ANALYZED, IMPROVING RELATIONS FORESEEN

Sydney THE BULLETIN in English 17 Dec 85 pp 90-91

[Article by J.A.C. Mackie, professor, Indonesia specialist at the Research School of Pacific Studies at the Australian National University: "Hope Emerges in the Indonesian Fence-Mending Operation"]

[Text]

IN THE 40 years since Indonesia proclaimed her independence, her Foreign ministers have visited Australia only on five occasions. Of these, only one ever has generated significant political controversy: Dr Subandrio's 1959 visit came at a time of tension over the West Irian issue and he won a notable coup by negotiating Richard Casey into a joint statement favorable to Indonesia on the matter.

The visit by Dr Mochtar Kusumaatmadja next week will be his second but it is seven years since he was last here. Foreign Minister Bill Hayden has made three visits to Jakarta since March 1983 and his two predecessors made several. The imbalance was becoming a little embarrassing.

On the other hand, a visit marred by hostile demonstrations or unfriendly press coverage could do so much harm to a delicate bilateral relationship that it might be better to have none at all. During the years when feelings against Indonesia were high, neither government was eager to take the risk.

The symbolism of such visits is a tricky subject. Unless there are important issues to be negotiated, which in this instance there are not, the main purpose of an official visit is simply to strengthen the ties of goodwill through the gesture, the publicity and the wider personal contacts it generates.

That may not sound very significant but it can be quite important in a precarious and slightly edgy bilateral relationship such as exists between Australia and Indonesia at present. Both governments would like to improve and strengthen the relationship but, apart from symbolic gestures, there is not much that can be done. In both countries there are reservations about too cordial an embrace — on the Australian side because of human rights issues and press freedoms in Indonesia; on the Indonesian side because of what they regard as unfair, unfriendly or ill-informed Australian comment about Indonesia's domestic affairs, particularly about Irian Jaya and East Timor, which a few Australians even purport to regard as matters not within her domestic jurisdiction.

It is a paradoxical feature of Australia's relationship with Indonesia that the issues which have been causing strain and friction between us over recent years have been essentially symbolic ones, whereas on substantive issues of foreign policy and strategy our two governments now have more in common than at any time in the past 40 years. Apart from some unresolved questions about the status of the maritime boundary between us off Timor, a matter which will almost certainly be resolved in some form of compromise whenever it suits both governments to

settle it, there are no major bilateral issues in dispute except the symbolic ones — East Timor, Irian Jaya and the press.

On more important international issues, Hayden's policies on the Vietnam-Kampuchea issue have not been very far out of line with Jakarta's thinking, although ASEAN solidarity has occasionally required that Mochtar express disagreement with some of his actions. On regional security, more generally and on North-South questions, the Hawke government probably comes closer to the Indonesian government's policies than any previous Australian government, including Gough Whitlam's.

The East Timor issue which has been the main source of tension between Australia and Indonesia over the past 10 years will probably recede gradually in the years ahead. But in Irian Jaya the reverse is likely to be true. Anti-Indonesian sentiment stirred up by the *Organisasi Papua Merdeka* (OPM) is likely to replace Timor as a red rag for those bulls in Australia who would like to charge at the Indonesian government upon any provocation. It is unlikely that Pan-Melanesian sentiment or the OPM will disappear entirely for a long time or that the flow of border crossers from Irian Jaya into PNG will miraculously cease. What is happening there is a painful and long-term process of "reacculturation" to a new Indonesian civilisation, which will take decades to work itself out.

Indonesia's relations with Papua New Guinea are bound to be severely strained for that reason, particularly if the plans for large-scale transmigration into Irian Jaya go ahead, stirring up embers of Pan-Melanesian solidarity on both sides of the border. And if there is serious friction between Indonesia and PNG, Australia cannot remain entirely uninvolved.

Moreover, if numerous fugitives from Irian Jaya come directly to Australian territories in the Torres Strait in the footsteps of the eight canoe people who have come to Boigu and Thursday Island recently, Australia herself faces an embarrassing refugee problem originating in Irian Jaya.

Dr Mochtar told the *Financial Review* correspondent in Jakarta, Michael Byrnes, recently that he thought relations between Australia and Indonesia have been improving. Australia has "had its noisy say on Timor but now sees Indonesian affairs in a more realistic light." Australians used to fear that Indonesia was expansionist, he said, "but I think you have changed your mind."

One can only hope he is right in this assessment, although I suspect it may be a little over-optimistic or premature. There are, however, some encouraging signs that both governments are now seeking to mend fences more actively than a few years ago. The uncertain question is whether public opinion in Australia is also changing to the same degree.

Indonesia has opened her doors a little more widely to the Australian press and media in recent months. President Suharto himself gave encouragement to the inauguration of an Indonesian Cultural and Educational Institute in Australia earlier this year, with the task of promoting the teaching of Indonesian language and arts in Australia. Both governments have agreed to give consideration to a joint development zone as a compromise solution of the unresolved maritime boundary in the Timor Sea. Mochtar's visit is itself an indication that the Indonesians now feel the atmosphere has improved sufficiently to make a visit worthwhile.

On the Australian side, the most significant gesture was Prime Minister Bob Hawke's statement in August that his government recognised Indonesian sovereignty over East Timor. This did no more than reiterate a policy adopted by the previous Australian government in 1979, but it was the first time that the Hawke government had expressed *de jure* recognition explicitly.

In its attitude towards border-crossers on the Irian Jaya-PNG frontier and towards the Indonesians from Irian Jaya who have recently fled to Thursday Island and Boigu, the Australian government has so far been very cautious indeed. Above all, it does not want to give encouragement in any way to more border crossers to follow. And it does not want to become drawn into a border problem which is essentially a bilateral issue between Indonesia and PNG. For its part, Indonesia has been more restrained than previously in its handling of the border issue and has



apparently been trying to avoid creating additional problems for the PNG government.

The Indonesian authorities seem to be well aware of the difficulties all these questions could create for the Australian government and they have also been doing what they can to minimise frictions with us. (They were not so accommodating in 1978, when feelings still rankled in both countries over the East Timor question.) Their very successful Ambassador to Australia, August Marpaung, has had a better appreciation of the politics and public opinion in this country than any of his predecessors. It seems that the Indonesians have registered a point Hawke and Hayden have been trying to get across to Jakarta since 1983 that a Labor Party government is more likely to succeed in reducing the emotional temperature aroused over East Timor than the LCP-National Party could have done, provided Indonesia is willing to reciprocate. The Fraser government was inclined to let the whole matter drift. The present government is trying to grasp the nettle more firmly and minimise the disruptive potential of the problems at stake.

No one can be sure, of course, that the tensions in Irian Jaya will not flare up again in a way which could reactivate anti-Indonesian sentiments in Australia. But the Indonesians seem much more self-assured about their ability to handle that situation than they have been about Timor. The legal and political basis of their position is much stronger in Irian Jaya, notwithstanding some rather far-fetched views to the contrary being peddled by anti-Indonesian elements in Australia.

Hayden commented in parliament last week that there will naturally be some disagreements from time to time between such close neighbors. "There is a wide cultural and historical gap between our respective societies . . . We are an open, pluralistic liberal democracy and becoming more so over time. The potential for misunderstanding is always great and will not lessen." Indonesia's socio-cultural and political background is radically different, so there is no choice but to "recognise and respect these differences and manage them successfully."

A man such as Mochtar, highly intelligent and experienced in the international world, does not need to come to Australia just to learn these things. Many other Indonesians, however, still do not comprehend the differences. And many Australians are still not aware of their implications. □

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AUSTRALIA

LONG-TERM HOPES OF MANUFACTURING SECTOR VIEWED

Devaluation Impact Analyzed

Sydney THE BULLETIN in English 10 Dec 85 pp 100-101

[Article by John Stackhouse: "Why Australia's Garden Will Not Grow"]

[Text]

THE AUSTRALIAN economy is performing like a reluctant garden. The beds for a fine growth of exports and local manufacture have been prepared and fertilised with the devaluation of the Australian dollar.

Economy-watchers around the country are waiting for the healthy stem which will bear the crop of an improvement in balance of payments. This upright stem of what they call the "J-curve" graph should herald a new era of economic growth and employment.

The trouble is that the economic community does not know when or where it will appear or if unseen pests lurking in the tilled soil will nibble it to nothing before it sees the light.

The J-curve is the effect the government and its advisers hope to see from the drastic fall in the value of the Australian dollar, not only against the American dollar but also against other currencies of the countries with which we trade.

The theory is that after the devaluation, the balance of payments will continue to sag, with the momentum of past events such as lack of competitiveness in exports and a cost advantage for imports over local production.

But, at some magic moment, in theory, the favorable trends which devaluation will induce -- a surge of exports and the substitution of local manufactures for imports -- will start swinging upwards and take the country into the black on the balance of payments graph. This is the predicted upright of the J-curve.

To pursue the garden analogy: if we are looking for such a revival in the economy, we should be studying not one big healthy stem but a whole nursery of seedlings, some weak and sickly, others strong and sturdy.

Many will, in fact, never grow. And, in other spots, either the soil we are trying to use is infertile or the climate will wither the young and struggling plants.

The economic woods in the past month or so have been crowded with J-curve watchers and the professionals should be getting some firm indications of when the curve might start turning up as a result of surveys now underway.

The *Bulletin* has been digging around in the soil in which the manufacturing seedlings have been planted and the crop forecast is not optimistic.

Indications are that there will be a limited tendency for local manufacturing to begin to replace imports after the first quarter of next calendar year. But the process is by no means automatic and there is a good chance that

the full, predicted advantages that were expected to flow from devaluation might never happen. It will take many, many seasons of hard work, a change in the climate and some careful husbandry before local manufactures produce the crop of employment and balance of payment benefits.

Here is how a cross-section of manufacturers and economic analysts sees the present state of competitiveness in Australian manufacturing industry.

First, there always will be a delay before there is any import replacement on a significant scale. This inertia is considerably stronger than had been expected.

Many importers are operating on long-term contracts and the process of ordering, manufacture overseas, shipping and distribution forms a long pipeline, one that has been feeding the Australian consumer for many years.

Evidence for this drag is seen in the official statistics published last week.

In the September quarter national accounts, imports were continuing to grow at 5 percent (exports were up 3.4 percent as well). Gross non-farm product, which is the sector where manufactured goods replacing imports would come from, rose by only 0.6 percent against a small rise in consumption expenditure (0.6 percent for the government and 0.9 percent for private sectors).

Specifically, the fall in the dollar was showing little impact in turning around manufacturing industry.

The Bureau of Statistics tracked rises in 15 sectors in the quarter (compared with rises in 18 in the previous quarter), falls of 11 (seven) and with no seasonally adjusted figures available in five categories.

The major falls were in areas of strong import competition. They included television sets (down 13.5 percent), domestic washing machines (9.3 percent), lawn mowers (2.8 percent), textile floor coverings (4.3 percent), large electric motors (9.5 percent) and small ones (2.3 percent).

The next problem in supplanting imports lies in the fact that Australia simply has dropped out of many industries and all our requirements now are supplied from overseas.

Another problem is that of scale. A slowly growing national population essentially provides a stagnant, replacement market for many goods.

To achieve a production base, Australia will have to aim not only at the import replacement market but also for exports.

Despite the fall in the dollar (which has vastly improved Australia's financial attractiveness), we cannot hope for years, if ever, to be efficient across the board and even the target of being efficient in selected areas will be hard to achieve.

There are two problems here. The first is that many of our manufactured products have a high import content, either of materials or in components and assemblies. The cost to factories of these ingredients rises as the Australian dollar falls. The second is that of labor costs and productivity. Australia's hourly rate remains high by world standards and the surge in non-wage "on" costs such as workers' compensation and the impact of superannuation add considerably to direct wage costs.

The estimate is that labor-related on-costs add between 40 and 50 percent, although exact figures are hard to obtain (but they may be available next year).

The problem of strikes and stoppages also is one that cannot be dismissed.

Associated with moving out of large sectors of manufacturing has been a reluctance by Australian industry to modernise plant. To compete now, Australia would have to be looking at entirely new production lines for many industries. The investment would be huge.

Manufacturers say that they are reluctant to put up the money for massive plant replacement. First, there is the uncertainty over interest rates and, second, there is the long-term doubt about whether the comparative currency advantage given by the recent devaluation, still will be there two years or so down the line.

There is, however, heartening evidence that manufacturers are buying new plant, as shown in the capital equipment statistics. Much of this again would seem to be going

into purchase of automated plant which not only improves productivity but also introduces a capability to handle smaller production runs.

The final problem which manufacturing industry faces is the requirement for change in the social structure.

The Australian educational systems play down the importance of technical training, either at the blue-collar or professional levels. If we are to take advantage of new, automated systems we will need correspondingly more engineers.

Peter Cottrell, who heads appliance maker Email Ltd, notes: "If people believe manufacturing has a future, this attitude will change."

Bert Evans, executive director of the Metal Trades Industry Association, says, apart from professionals, the demand for skilled labor is increasing strongly, particularly in Melbourne.

Of the 100,000 jobs lost in manufacturing in recent years, Evans says, many were skilled workers who have gone into other employment.

"But we will have to see changes here as well. We will want to see much more flexibility in tradesmen, multi-skills, so they can handle the new manufacturing techniques on which we will depend."

Evans and many others involved in manufacturing also believe another factor sabotaging Australian industry is "the predatory pricing attitude" of some competitors, particularly the Japanese.

"Where they have total market share and Australian production has ceased we have seen price increases of 20 percent in the past year," he said.

"These countries don't take a six-month view like so many of our people have to. They are much longer term, prepared to look at 10 or 15-year spans."

Matt Tiddy, of Simpsons, comments dryly that devaluation has not always brought the price adjustments that it should have, particularly in terms of Japanese imports.

"We believe in competition but we

favor fair trading," he said. "But we are claiming dumping of washing-machines, dishwashers and refrigerators and we believe we have the evidence and the track record in these complaints to prove it."

Tiddy says Simpsons is expanding production to meet what it perceives as a lift in demand and it can do this by increasing the number of work stations at some of its plants.

Simpsons, he says, is recruiting more assembly workers when they are required. But Cottrell says Email is more likely to introduce more overtime.

In Adelaide, Mitsubishi Motors also is going on overtime on a regular basis following the success of its Magna and enjoys a backlog of about 8000 units from its plant.

Graham Longbottom, from Mitsubishi, says the local product is beginning to enjoy a distinct cost advantage over imported cars from Japan, which are showing price rises of up to 50 percent. Mitsubishi has shown the Magna at the Tokyo car show and plans to test export markets, possibly even developing a left-hand drive model for wider sales.

There are several success stories in the controversial clothing and footwear industries, which have had quota protection over the years but have still seen employment run down.

Bob Adcock, who heads Sydney's King Gee manufacturing group, says his company is taking advantage of the cheaper Australian dollar by branching into export markets for its traditional lines of leisure wear and industrial garments.

Adcock says much of this sector is now using the best technology available in the world. The important factor is in undertaking market research to produce what customers want.

Overall, the picture suggests that the incentive of devaluation to replace imports is not giving Australian manufacturers anything like the open highway towards a revival of local industry that political and government pundits first envisaged.

Macroeconomic View

Sydney THE BULLETIN in English 10 Dec 85 p 102

[Article by John Stackhouse: "Riding on the J-Curve"]

[Text] The biggest optimists about the eventual benefits of devaluation to the Australian economy are the economists who see the whole picture--macro-economists.

From where they sit, import replacement is only part of the picture of setting right the nation's balance of payments

They see "new" industries such as tourism providing one of the most immediate benefits. Australia now is a cost-attractive country for North Americans, Europeans and Asians, including the ubiquitous Japanese.

The tendency to shut down in Australia and go offshore hasn't been all bad either, they reckon.

While there is an immediate effect of translating local manufactures into imports (and, of course, a loss of jobs) there are longer-term benefits to our capital account as these enterprises start repatriating profits and dividends.

Successful Australian manufacturers, they believe, will be competitive on exports, which they will need to achieve an economic level of production. They instance General Motors-Holden's burgeoning engine sales in Europe as a case in point.

Already there are indications, one economist said, that manufacturers are "climbing out of their bunkers" to buy new equipment which will allow them to compete and to specialise in products with short production runs.

While the beneficial effects of the devaluation of 20-30 percent are just beginning to show, these economists say, they look for the J-curve to turn up strongly in the last quarter of the financial year--after April.

The message is that Australia's economic recovery will not be down just one track--such as import replacement (which turned out to be a dead end after the protected years of the 1960s)--but rather a multitude of entrepreneurial paths.

/13046

CSO: 4200/467

AUSTRALIA

FUTURE OF MAJOR EXPORT COMMODITIES EXAMINED

Sydney THE BULLETIN in English 10 Dec 85 pp 98-102

[Article by Nigel Austin: "Why a Trade-Led Recovery May Be Our Only Hope"]

[Text]

AUSTRALIA'S major exports are expected to jump sharply next year as sellers reap the competitive benefits of the fall in the dollar's value. The biggest rise will be in minerals, where experts are tipping an increase of 25 percent in the value of exports. And there are early signs that the value of rural exports will increase, even though the initial estimate was that there would be no growth.

The key worry for businessmen and private enterprise economists is whether the boost can be sustained or whether the underlying problem of export industries — an enterprise-sapping lack of international competitiveness — will re-assert itself.

Australia is tottering on the brink of a permanent financial downtrend unless this basic problem — which is caused by high wages, high interest rates and high government and semi-government charges — is removed. The almost universal cry of private enterprise is for the lack of competitiveness to be reversed.

The short-term good news is that export performance probably will improve at a faster rate than the federal government realises. But longer-term sobering news emerges from a survey of business analysts and export groups: the economy is lagging badly and the nation is falling far short of meeting the export potential given by abundant natural resources.

The international view of the economy has been well-demonstrated this year. The Australian dollar, which the government floated on December 12, 1983, tumbled from 80c in January against the trade-weighted index (based on figure of 100c in 1970) to 64.2c in April, to a low point of 59c in November, before recovering slightly to about 61c.

Devaluation has brought a belief that Australia must realise it has taken the first step toward the devaluation-inflation-devaluation slide which wrecked economies of countries such as Argentina. If not, our economy is headed for deeper trouble.

The significance of the dollar's decline is starkest when viewed against Australia's major trading partners. In less than a year the A\$ has fallen by 20c against the trade-weighted index, by 21c against the US\$ to A\$0.69; by 30 percent against the Japanese yen, our main trade outlet, and by nearly 25 percent against the UK£.

While the federal government is basing its hopes for an improvement in the trade deficit on lower imports, the growing likelihood of increased exports may be the wild card which reverses the balance-of-payments deficit earlier than expected. A Treasury official said although a 25 percent increase in mining exports sounded too optimistic, factors occurring since the budget estimates on exports may well aid the balance-of-payment figure. If so the stronger trade balance would lead to a stronger A\$.

But an economic spokesman for Treasurer Paul Keating says the main advantages of devaluation to the export sector will be delayed because it takes time to gear up production in light of new trading circumstances. His view was that advantages flowing from devaluation would lead to a "ferocious" turn-around in the balance-of-payments deficit in the late 1980s.

The spokesman admitted the government's hopes for 50 percent of the import replacements to be in place this financial year would prove over-optimistic because of the economy's sustained growth rate. The Reserve Bank's chief administration officer, John Phillips, says that while business tends to express the worst fears — there is every reason to be cautious and concerned. He believes import-price effects of the devaluation (higher prices leading to reduced demand) will probably start flowing in January 1986, leading to a correction of the balance-of-payments figures.

And already, rural exports are running at a level nearly \$500 million above that for the first four months of 1984-85 — despite predictions of nil growth. Whether this rate will be sustained is uncertain. But a senior Bureau of Agricultural Economics statistician believes the bureau may be forced to increase its estimate of rural exports.

The big bonus for the federal government is likely to come from the mining sector where BHP tipping a 25 percent increase in value of exports. A large increase in coal, oil and gold exports should provide the main contribution to a \$35 billion rise in the value of mining exports to a record \$16.5 billion. Two-thirds of the increase is expected to flow from devaluation and the other one-third from increased production. If the forecasts are right (and BHP should know), the mining sector will account for more than 50 percent of Australia's exports in 1985-86; rural only 33 percent and manufacturing a meagre 17. The effect of increased exports on the balance of payments is unclear but it is a buoyant prospect when the government is predicting that the real devaluation benefits to exporters will be felt before 1986-87.

While the government is confident the decline of the dollars holds no real long-term dangers, the federal Opposition believes the opposite. John Howard's economic and policy adviser, Hugh Hodges, says the declining dollar clearly reflects Australia's falling international competitiveness.

Despite the increased value of exports, the loss from devaluation has been significant — as revealed by statistics for 1984-85 prepared by the Australian Mining Industry Council. They show exchange-rate losses totalling \$300 million and losses carried forward of \$1 billion on foreign borrowings of \$8.9 billion. On top of that, miners paid an additional \$80 million interest and principal repayments of \$2.1 billion as a result of the devaluation.

Direct benefits of the devaluation were calculated to be \$1 billion from increased Australian dollar returns. But of critical importance was the tax on income gains from devaluation, while losses were not deductible.

The council said devaluation made exporters more competitive but companies with overseas borrowings had lost part of the benefits. He said Australian dollar returns would increase in 1986 and there were signs that production was increasing. The council also points out that Australia's minerals and fuels industry has emerged from the recent recession to a stronger position than most, if not all, competing countries.

It says improved trade performance is imperative and the first priority is for the government to push for full discounting of the inflationary effects of the devaluation on wages.

Priority number two is for foreign exchange losses to become deductible for income tax purposes. Another aim is for the industry's costs to be reduced.

Dr Ian Story, economist with stockbrokers Meares and Phillips, says the investment outlook for the mining industry has been dramatically transformed by the dollar's devaluation. Many mining companies' profits will increase by as much as 50 or 100 percent in 1985-86.

He believes a deliberate campaign to increase Australia's exports, particularly by using excess capacity in the mining industry, is necessary. "The depreciation of the Australian dollar has given our mining exports a new 'once off' competitive edge, and industry must capitalise on this advantage," says Story.

Story, in the strongest warning possible, says Australia's future depends on exports and maintaining the balance of payments: "We've just got to pay our way in the world or, by 1990, Thailand will leave us behind." He says after-tax devaluation benefits to the minerals industry are substantial because cost and debt effects are small compared to revenue benefits. He calculates that, if the exchange rate holds at about 70c against the \$US the potential net after-tax benefit is about \$1 billion. But a big problem is that the mining industry is still over-dependent on bulky, low-value products with little added value. "Australia can continue to rely on primary exports in the mining and rural sectors (and perhaps sink into the Third World) or can come to grips with the challenge of adding value to these commodities," he says.

John Macleod, group economist for CRA, says pluses and minuses have flowed from devaluation of the dollar, but permanent benefits will only result from a change of attitude in the workforce. Macleod believes that will come through a further devaluation and an increase in the foreign debt. The shock from lower living standards would provide the jolt necessary for change.

Macleod's big worry is the view that anything to do with exports has no priority in Australia.

The BHP forecast is for the value of mining exports to rise from \$13.2 billion in 1984-85 to \$16.7 billion this year. It will lift the value of exports from \$29.53 billion last year to more than \$33 billion. The forecast is born out by a 20 percent rise in exports in the first four months of the year.

But a sobering fact is that, while exports of steaming coal are expected to continue rising and soon equal the combined value of wheat and wool, oil exports from Bass Strait will start tapering off as production declines. Hardest hit by foreign exchange losses among the mining companies will be the large capital-intensive aluminium enterprises which have borrowed heavily offshore.

The outlook for agriculture is typical of all export industries. While the gross value of rural production has increased rapidly from \$3.6 billion in 1970 to \$15 billion this year, the net value to farmers has risen from \$1 billion to only \$3.25 billion. Rising costs have taken a savage toll on the rural sector, slashing the number of farmers, reducing employment and lowering the industry's progress and investment.

Rural exports have quickly fallen from 54 percent of Australia's total in 1973-74, to close to 30 percent. Farmers are sliding deeper into financial trouble and reflect the problems facing private enterprise generally.

**National Farmers Federation** economist Rob Campbell says that, if the dollar falls further and the effects flowed through into increased wages and prices, the position would worsen. "We're disappointed with the government's handling of the economy," he says. "The accord is the linchpin. It's got to be renegotiated or abandoned. Preferably, the whole centralised system should go."

But, for the manufacturing sector, a period of rebuilding after the ravages of the recent recession means much productivity has been lost. Philip Andersen, the **NSW Chamber of Manufactures** economist, says many companies have moved operations offshore while another large group has to source components offshore. "There is not much value in a devaluation of 25 to 30 percent if there is no one here to take advantage of it," Andersen says. "There will be benefits from the devaluation but they will be spread out and not as great as initially expected. Although production is increasing, it won't reach the level of four years ago."

Andersen believes the beneficial effects of devaluation will be eroded by inflationary effects.

Dr Don Stammer, partner and chief economist with **Bain and Co**, agrees that the benefits of a floating exchange rate outweigh the disadvantages but says the lag before the real benefits flow will be longer than anybody expects. He warns that a sustained result will be possible only if labor costs per unit of output are disciplined. "It is incredible that significant groups of Australians approve what transpires between groups of consenting adults but can't negotiate on wages between adults," he says.



Stammer expects a recovery in the balance of payments around March next year. A similar view is held by Will Buttrose, chief economist with **Lloyds Bank NZA Ltd.** He believes a tight monetary policy will cause the currency to level out by the middle of 1986, drawing foreign investors back. "But Australia will still have fundamental problems with a high overseas debt,

Among the few optimists is Dr Peter Dixon, a senior economics academic at the Melbourne University: "I think it's pretty surprising, what is happening to the dollar. The international markets have picked up some skimpy information about the balance of payments and the 3.8 percent wage increase." He forecasts a turnaround in the balance-of-trade figures in the next six months. Dixon says the present situation reflects an international lack of understanding about Australia: "If I'm right, the \$A is a good investment. I agree with what the government is doing. Wage discounting is making the devaluation work."

But, for groups such as the **Australian Automobile Dealers Association**, 1986 will be a year of shocks with the number of vehicles sold dropping to 640,000 from 690,000 in 1984.

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CSO: 4200/467

AUSTRALIA

BRIEFS

HAYDEN ON VIOLENCE IN SOUTH AFRICA--The foreign affairs minister, Mr Hayden, says reports of landmines in the Transvaal and explosions near Durban in South Africa marked a disturbing change of direction in the antiapartheid struggle. Mr Hayden says the Australian Government has consistently condemned the resort to arms and violence for political ends, and he says he is dismayed that recent incidents have caused civilian casualties. He said however a lessening of communal tension could not be expected unless the underlying causes were addressed. Mr Hayden described this week's arrest of Mrs Winnie Mandela as a classic example of the denial of human rights in South Africa. Mrs Mandela was arrested after defying a police order banning her from the black township of Soweto, but is now in Cape Town visiting her jailed husband Nelson Mandela for Christmas. Mr Hayden has joined the Commonwealth secretary general, Mr Ramphal, and the United States by criticizing Mrs Mandela's arrest. /Text/ /Melbourne Overseas Service in English 0830 GMT 24 Dec 85 BK/ 12228

METEOROLOGICAL COOPERATION WITH PRC--Australia and China plan to share meteorological data and to begin a series of exchanges of weather scientists next year. Dr (Doug Gauntlet), a deputy director at the Bureau of Meteorology in Melbourne, said it was hoped that at least one Australian meteorologist would go to China while up to six Chinese scientists would visit the bureau. He said meteorological cooperation with China might give Australia access to data from a proposed Chinese weather satellite. Dr (Gauntlet) recently returned from a study tour of meteorological services in China. He said the Australian delegation had been extremely impressed by developments in Chinese meteorology, particularly in satellite technology and typhoon forecasting. Dr (Gauntlet) said Chinese scientists were keen to acquire some of Australia's skills in the field of numerical weather prediction and wanted closer links with the air pollution monitoring station in Tasmania. Australia and China signed an agreement in March to encourage exchanges of scientific staff and information and collaboration on research projects. /Text/ /Melbourne Overseas Service in English 0430 GMT 22 Dec 85 BK/ 12228

CSO: 4200/4444

FIJI

## STEPS TAKEN TO OUST OPPOSITION LEADER

Suva THE FIJI TIMES in English 30 Nov 85 p. 1

[Article by Umendra Singh]

[Text]

Moves are afoot to oust the Leader of the Opposition, Mr Siddiq Koya.

Party president, Mr Harish Sharma, of Nadi, is tipped to take over from him.

In the wake of the resignations of three National Federation Party Parliamentarians, the 20 remaining Opposition MPs are waiting for the result of the North-Central Indian National Constituency by-election on December 14.

The campaign to remove Mr Koya would start after the election, said an Opposition MP last night.

The parliamentarians behind the move do not want to hurt the chances of NFP candidate in the by-election, Mr James Shankar Singh, by starting any confrontation two weeks before the poll.

"We do not want Mrs Irene Jai Narayan back. We want to have a clean start," said one of the MPs behind the move, who did not want to be named.

- Another MP said they were looking for a new Opposition leader and Mr Sharma, a lawyer from Nadi, was the most logical choice.

"We do not want a confrontation. We would just approach Mr Koya and tell him that we are very grateful for his services but it would be in the interest of everyone that he went," the MP said.

If Mr Koya refused, he would be voted out.

Most Opposition Members of Parliament chose to remain silent over the resignations of Mrs Narayan, Mr Hargovind Lodhia and Dr Satendra Nandan from the party.

But two spoke out.

"Good riddance, I say," said Mr Ikbal Khan.

He said the three were a "nuisance" to the party anyway.

"They should have gone long ago, months ago," Mr Khan said.

"Dr Nandan kept on saying that he was a NFP party man through and through and that although he did not like Mr Siddiq Koya's leadership he would not quit the party."

But he had resigned along with the others.

Mr Khan said he did not think the party would suffer because of their resignations.

Another Opposition MP and Lautoka branch secretary of NFP, Mr Jay Raj Singh, said the resignations were very "upsetting".

He said he would have to consider his own position.

"I don't think that they had any other option. In view of this recent development, I will have to seriously consider my position with the party as well," Mr Singh said.

"To very many people, Mrs Jai Narayan was the voice of the NFP, and in particular, its Indian community," he added.

The Deputy Leader of the Opposition, Mr Koresi Matatolu, said from his hospital bed in Lautoka that he was not in a position to comment.

He is recovering from emergency surgery for appendicitis on Wednesday.

Another MP, Mr Temo Sukanaivalu, said he had no comments to make.

Mr Koya told an NFP meeting at Karavi in Ba last night that people who crossed the floor should go back to their voters and seek re-endorsement.

He did not mention any names but said he was telling those who were saying they were no longer NFP that they should go back to the electorate to see if they were re-endorsed.

Mr Koya mentioned new legislation in India about MPs being put out of Parliament if they crossed the floor after being elected on a party ticket.

Mr Koya said that within the NFP the leader was chosen by majority rule.

He said it was "against all laws of civilisation" for people to put down someone they did not accept.

He said responsible people should not put "a bomb in the house" which provided them with everything.

"If everybody begins acting in such irresponsible manner here it will destroy Fiji," he said.

Meanwhile two of the three Opposition parliamentarians who have resigned from the party said yesterday that they would contest the 1987 general election.

Former Deputy Opposition Leader, Mrs Narayan, and Opposition Backbencher, Dr Satendra Nandan, told news reporters in Suva yesterday they would seek re-election in 1987.

The third member, Mr Lodhia, said 1987 was too far away to think about now.

"I am concerned about what is happening now and the attitude of Mr Siddiq Koya which has led us to resign from the party," Mr Lodhia said.

Mrs Jai Narayan refused to say whether she would fight in 1987 as an independent or with a new political party to back her.

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CSO: 4200/412

FIJI

BRIEFS

GOLD DISCOVERIES--Fiji's Mineral Resources Department has reported a flood of applications for gold prospecting licenses from exploration companies keen to test new theories about the presence of gold in volcanic rocks in the Melanesian region. Since May, the department has received 48 applications, mainly from Australian companies, and it has received enquiries from numerous others. A Radio Australia correspondent in Suva said there is much interest in the potential of some small outlying islands following the discovery of a major gold prospect on the small Papua New Guinea island of Lihir off the coast of New Ireland Province. Meanwhile, the companies operating the 50 year old Vatukoula gold mine on Fiji's main island of Viti Levu have sunk a major shaft to assess a newly found gold vein about 2½ km south of the main mine. The mine's general manager, Jack McDermott said up to \$16 million will be spent on developing the shaft to an initial depth of 350 meters and later possibly to a depth of 780 meters. [Text] [Melbourne Overseas Service in English 1900 GMT 85 LD] /9738

CSO: 4200/407

INDONESIA

EAST TIMOR MINISTER STRESSES FRETILIN NEGOTIATING ROLE

Luanda JORNAL DE ANGOLA in Portuguese 18 Oct 85 p 10

[Interview with East Timor's Foreign Affairs Minister Mari Alkatiri, by Henrique Matos; date and location not specified]

[Test] The minister of foreign affairs from East Timor, Mari Alkatiri, recently granted JORNAL DE ANGOLA an exclusive interview, in which he discussed in greater detail the situation in his country, the target of an invasion by Indonesia, as well as the diplomatic efforts undertaken by FRETILIN [Revolutionary Front for East Timor Independence] in the international community.

[Question] Now that nearly 10 years have elapsed since Indonesia thought of "filling" the gap left by Portugal's withdrawal, what can you tell us about the situation in East Timor?

[Answer] The truth is this: The current situation in the politico-military area is better for us than in previous years. I say it is better because we have now managed to consolidate control over 70 percent of our national territory; we have now reorganized our forces, in terms of a regular force, a guerrilla force comprised of militias and a self-defense force, in addition to a special commando force which is operating in the occupied zones; and we are now equipped to put the enemy, the enemy infantry, on the defensive.

Hence, the enemy infantry is now in a defensive position. The only enemy force on the offensive at present is the air force exclusively. But, even so, given the features of our country, which is very mountainous, with very long rainy seasons, the air force is not very effective; and the type of war that we are waging is even detracting efficacy from that little effectiveness that the air force has. We think and we are convinced of this, that the situation now is one of starting with this 70 percent control to extend the control, and exert pressure on the enemy in order to hasten the negotiating process. We say this because we ourselves are not ambitious for the traditional type military victory over the enemy, for two reasons: first, we think that this would entail greater investments of our population, and might even cause more tragic consequences in terms of enemy repression. We want to avoid large operations against enemy-occupied zones, which would also entail savage responses, with which we are already familiar, because the enemy is savage.

On the other hand, we have opted for the route of negotiations, because we believe that a solution for stability under our country's specific conditions will have to start with a negotiated solution. The enemy armed forces, and the commander in chief of the enemy armed forces, also admit the impossibility of a military solution to this conflict; and for this reason they are also seeking a political solution. But at the present time, during this phase, the enemy's political solution is different from the political solution that we advocate.

The enemy has intensified its diplomacy in the direction of legitimizing the occupation, to convert the problem of East Timor into an internal Indonesian problem. It wants the international community to legitimize this occupation. Of course, it is against this that we must fight, and we are fighting, we and the friendly countries that have backed us.

We believe that a negotiated solution will have to include direct negotiations between FRETILIN, Portugal and Indonesia, with the mediation of the United Nations secretary general. The UN secretary general was instructed by the General Assembly to do this. To date, there have been several contacts between Portugal and Indonesia concerning the UN secretary general's mediation.

As a first step, we think that it would be constructive to have such contact, but we are convinced that there will be no solution so long as there is no participation by FRETILIN, as our people's legitimate representative; because it is FRETILIN that has put up politico-military resistance to the annexation by Indonesia; it is FRETILIN that is the force representing our people's patriotic, nationalist sentiments. Therefore, it is FRETILIN that can represent our people's desires, and there is no one else. Without this participation by FRETILIN, there will be no peace in our country.

Now, as for the Indonesian arguments that it entered East Timor to fill a gap left by Portugal, those are fallacious arguments, which do not contain any truth; because Indonesia entered East Timor precisely when the entire territory was under FRETILIN's control, and there was peace and an administration in operation. Hence, these are arguments intended to justify a colonialist, expansionist type action; and we think that the Movement of Non-Aligned Nations should discuss this issue seriously, and deal with it in a very objective manner. Indonesia betrayed all the principles of non-alignment. Indonesia betrayed the 10 principles from the Bandung conference, one by one, point by point. Indonesia is practicing colonialism at present. Indonesia is serving the imperialist strategy in the area, one of the domination of peoples. And we must be clearly aware of this, instead of thinking here that the Movement of Non-Aligned Nations should not discuss controversial matters which put its members in confrontation with one another. If this were so, we would ask: What could the Movement of Non-Aligned Nations discuss? Are we going to turn the Movement of Non-Aligned Nations into a merely anti-apartheid or anti-Zionist movement? We cannot, because there are really sacred principles in the movement, which must be upheld. If there is a member that betrays those principles, it deserves to be punished, it deserves to be criticized, it deserves to be denounced.

[Question] Mr Minister, what is your view of Indonesia's "demarches" in an attempt to stifle the discussion of the East Timor issue within the Movement of Non-Aligned Nations?

[Answer] I think that the countries really understand the issue. They realize that it is a colonial issue. It is simply that there are reasons of state preventing these countries from assuming a position that they would very much like to assume. They are quite well aware that Indonesia is not right. Indonesia's argument that has convinced those countries is not an argument based on right. But it is, so to speak, an argument based on force. Indonesia is a country with 150 million inhabitants; hence it is a good market for the industrial powers. Indonesia was a cofounder of the Movement of Non-Aligned Nations. It is a country which thinks in a manner yearning for the past; viewing non-alignment in a manner yearning for the past. It is a country which deserves to be respected. Indonesia is known as the greatest Islamic country in the world. Hence, it has succeeded in mobilizing the Islamic countries around it. But, in essence, concretely, all the countries which have minimal information on East Timor know that Indonesia is not right. Now, what we must do to change the correlation of forces is to continue the diplomatic effort, and continue to inform the countries in particular; we must manage to prove to the world that the struggle is continuing on the site, and that there is no possibility of Indonesia's ending that war. Point one.

Second point: to prove to the world that the extension of that war is what will create instability in the area. The war has already lasted 10 years, and there is no possibility of Indonesia's actually occupying our country; and the war has become increasingly sensed and experienced even by the Indonesian population of the area. Furthermore, this is already being observed at present. On the one hand, the governments seem to want to commit themselves more to Indonesia. But international public opinion, the people, the political organizations in various parts of the world, the religious organizations and the humanitarian organizations have assumed increasingly clearcut positions on behalf of East Timor and against the Indonesian invasion.

Hence, there is a public that is increasingly aware of the problem. It is a matter of time, and we think that we must remain firm in our efforts; we have already been fighting for 10 years. It was more difficult for us to work on the international level, in terms of information, than it is now. I say more difficult because the communications with our interior administration are almost daily; we have contacts via radio, and hence we are at the point of being able to inform the international public about the progress of the struggle inside the country.

[Question] Do you think that, considering the intransigence of the Jakarta regime and the backing from friendly countries, the United Nations will be able to play a major role in search of a peaceful solution?

[Answer] We believe that any peaceful solution will have to involve the United Nations. Now what we have observed is that the United Nations has really attempted to act through its secretary general; it has attempted to act in a



very cautious manner; and we think that this caution will be useful. We simply think that it is now time to proceed toward another phase of the discussion process, which must also start with the participation of the representatives of the people of East Timor. Now we have no desire whatsoever to find solutions without their remaining in the context of the United Nations unless, with the delay that is occurring for a diplomatic solution, there are new factors that could enable all of us, the parties in conflict, to find short-term solutions, which would nevertheless be just, fulfilling the desires of our people for national independence. But, at the present time, we think that the UN should play its role and should assume responsibilities for mediating between the conflicting parties.

[Question] Why is the Maubere people's resistance to the genocide and massacres carried out by Indonesian troops so little known to the international public?

[Answer] Because the large news agencies are not interested in correctly publicizing what is happening in East Timor. Point one. Second point: because the large agencies are not interested in hurting Indonesia, because, as I said a short while ago, Indonesia is a large market, a strategic country. Thirdly: because there is a total blockade of our country. I have put the total blockade in third place because there has been no great pressure on Indonesia to open up the blockade, to end the blockade. This blockade exists; just now we have received reports on that situation from our administration. The reports have been either from FRETILIN or else from Indonesia.

Of course, the reports from Indonesia have greater international repercussions than those from our own news agency. But we have slowly managed to change the situation, because we have already succeeded in mobilizing the major press in the United States: the NEW YORK TIMES, WASHINGTON POST and several others. And we think that, with this effort, with this guerrilla movement, so to speak, which we are carrying out abroad, we shall succeed in slowly changing the correlation of forces.

[Question] What is your opinion of the position recently affirmed by Australia in favor of the Indonesian occupation?

[Answer] Well, to begin with, I condemn it. I consider it a betrayal of the debt of blood that Australia owes to the people of East Timor. During World War II, over 50,000 Mauberes died defending Australia in our country, impeding the Japanese invasion of Australia in our country. Now that we are dying to defend our country Australia refuses to understand us. Hence, it is a debt of blood, it is a betrayal. This is point one.

Secondly, we might also think that it shocks us and our friends most that this position should come from a labor government than from a conservative government; because the conservative government already held this position. Therefore, Australia has never had a different position. It was always Australia's position to back Indonesia. We placed a certain amount of hope in the labor government; that is why this position shocks us most. In any event, it is not this position on Australia's part that will prevent us from continuing the struggle;

on the contrary, it requires greater determination of us now, in the external area per se, and in Australia, in particular, because we have a community of nearly 15,000 people living in Australia. Therefore it is the largest Maubere community abroad; within a few years, it will number 30,000, and we think that more children will be born.

We believe that we must intensify our efforts; we have many friends in Australia, we have friends in the Australian government itself, and we have numerous friends in the party that is in power. At the present time, we have a greater opportunity to work in Australia along with that government than we did with the conservative government. What we can claim is that Australia, with the ambition to exploit our oil, not to mention its desire to steal our oil, betrayed the debt of blood that it owes to our people.

Australia wants to take part in this attack against our people; it wants to make this agreement with Indonesia, recognizing the so-called integration of East Timor by Indonesia, in order to be able to benefit, as well, from this military annexation of our country, this genocide that Indonesia has carried out against our people.

[Question] We would like to learn your opinion of the negotiations between Portugal and Indonesia, through the auspices of the United Nations secretary general. But, now that FRETILIN has been ignored, what is your organization's position?

[Answer] We shall begin by saying that we are comfortable. We are comfortable, because we are convinced that there can be no solution to the East Timor issue without our participation. We consider ourselves the party most directly concerned with the conflict and with peace. The only legitimate party is the representatives of the people of East Timor. Portugal is the legal party in the conflict and Indonesia is the illegal, occupying party in the conflict. Therefore, without our participation there can be no participation by our people, and without our people's participation there can be no solution. This is why we claim to be comfortable, because the time will have to come when both the United Nations secretary general, Portugal and Indonesia as well will acknowledge that they cannot progress further because the people's participation is lacking.

We are now demanding that the UN begin contacting FRETILIN also, that the UN start defending FRETILIN's participation as a "sine qua non" condition for the success of the talks. This is our view. We think that the talks, as they have occurred up until now, as a first step in an entire long process, have been constructive. The fact that Portugal and Indonesia have sat down at the table with the UN secretary general in connection with UN General Assembly Resolution 37/30, is constructive.

First, because Portugal is assuming, to a certain extent, although in a manner that is not very clear, but it has been assuming its status as the one politically and legally responsible for the conflict, and it has been acknowledged by the United Nations as an administrator power. Secondly, because Indonesia is

starting to admit, whether or not we actually like it, there is an issue which deserves a solution. Indonesia cannot claim that it is an internal issue; if East Timor is an internal issue, why is it negotiating with Portugal with the United Nations secretary general as mediator?

It is no longer an internal issue. They have actually proven that it is not an internal issue; it is a conflict that deserves to be resolved with the United Nations as mediator. Must we now clearly define between which two sides there is a conflict? The armed conflict is not between Portugal and Indonesia. It is between the people of East Timor, in this instance represented by FRETILIN, and the armed forces of Indonesia. Hence, as we see it, the total solution to the conflict starts with a cease-fire agreement. Secondly, an impartial transitional administration. Thirdly, free, democratic consultations of our people; and later they will decide whether to ratify the proclamation of independence made by FRETILIN, whether to ratify the so-called integration of East Timor into Indonesia or whether they want any other solution. It is our people who will decide. These talks may have value enabling our people to express themselves freely; they may not have the utopian notion of finding definitive solutions to the conflict. There has been a great deal of talk about the possibility of autonomy for the people of East Timor. Who will decide on this? FRETILIN will certainly not, because it has already proclaimed independence. When we have struggled, with patriots who have been killed, it has not been so that we might become autonomous Indonesians. Will Portugal decide? It cannot. A former colonial power lacks the moral status to decide whether its former colony should or should not become a colony of another power. Is it Indonesia that will decide? It cannot, because it is an illegal, occupying power.

Now, these three conflicting parties must meet to create conditions enabling the people to decide. This is all that we seek. What the people decide is what should be accepted. We believe that 100 percent of the people will vote for independence, and will ratify the proclamation of independence of the Democratic Republic of East Timor.

2909

CSO: 3442/55

INDONESIA

MOKHTAR REJECTS APPEAL FOR UN ROLE OF EAST TIMOR

BK180859 Melbourne Overseas Service in English 0830 GMT 18 Dec 85

[Text] Indonesia's foreign minister, Dr. Mokhtar, has rejected an appeal by a group of federal labor MP's for the controversy of East Timor to be resolved through the United Nations. In an open letter to Dr. Mokhtar, the 24 labor backbenchers appealed to the Indonesian Government to take steps to correct what they called the basic wrong of the annexation of East Timor by Jakarta. They also claimed East Timor remains a barrier to any Australian relationship with Indonesia based on mutual trust.

But Dr. Mokhtar said in Melbourne today he did not agree with the labor politicians' assessment. He said the wrongs of the situation in East Timor were caused by one of the three parties there deciding to use force instead of the self-determination process agreed upon by Indonesia, Portugal, and the three parties. Dr. Mokhtar denied that Indonesia breached that understanding by using force.

Dr. Mokhtar also said his country was handling carefully its transmigration program in Irian Jaya. He said Indonesia was open to modifying its implementation to show sensitivity to problems that might arise but had no reason to ignore the wishes of the governor of Irian Jaya who he said favored the program.

/9738  
CSO: 4200/423

INDONESIA

52 HIGH-RANKING ARMY OFFICERS RETIRE

Jakarta ANTARA NEWS BULLETIN in English 12 Nov 85 p A5

[Text] Magelang, Nov 11 (ANTARA)--A total of 48 brass were retired for having completed their services in a ceremony at the Magelang military academy, Monday.

Among the newly pensioned officers are Lieut. Gen. Himawan Sutanto, Indonesian ambassador to Malaysia, Lieut. Gen. Susilo Sudarman, Indonesian ambassador to the United States, Lieut. Gen. Supardjo, former third regional military defence commander, Lieut. Gen. Yogi S.M., former second regional defence commander, Lieut. Gen. Murgito, former Akabri (armed forces academy) Commander, Maj. Gen. Subyakto Prawiro Subroto, Lemhanas (national defense institute) governor, Maj. Gen. Wang Suwandi, secretary general of House of Representative/Congress and Brig. Gen. Jhonet Hutomo, former chief of army information service.

Army Chief of Staff Gen. Rudini in a farewell speech said that the retirement does not mean the end of dedication, but they will be demanded to provide guidance for their successors particularly the army younger generation.

Rudini who called the retired officers as his senior and colleagues said that the 45 Generation had given their leadership to the younger generation.

He believed that the army veterans would maintain the noble value of the 1945 heroic struggle to the present generation.

/8309

CSO: 4200/405

INDONESIA

DHARSONO HINTS AT GOVERNMENT COMPLICITY IN '84 RIOT

HK171125 Hong Kong AFP in English 1055 GMT 17 Dec 85

[Text] Jakarta, 17 Dec (AFP)--The Indonesian Government may have engineered a Moslem riot here last year to scuttle Moslem political aspirations, retired General Hartono Rekso Dharsono today told the court trying him for subversion.

Mr. Dharsono, 60-year-old former Secretary General of the Association of Southeast Asian Nations, also said that to his knowledge some 200 people had remained unaccounted for since troops opened fire during a Moslem riot in Jakarta's Tanjung Priok Port in September 1984 that left at least 30 dead.

He told the court: "The motivation for an engineering of the riot may have been to put an end to efforts by the Moslems especially, and the Indonesian people generally, to play a role in the political life in Indonesia."

He argued that his theory was supported by military witnesses' refusal to testify about events preceeding the riot, the fact that some key figures involved had not been tried and that their whereabouts were unknown, and the mass arrest of Moslem clergymen after the riot.

Mr. Dharsono faces six subversion charges, including one alleging that he helped draft a white paper calling for an independent commission of inquiry into the riot. He could face the death penalty if convicted.

Mr. Dharsono said during the course of a statement in his defense, which has taken three sessions to deliver, that the riot casualty figure given by Armed Forces Commander General Benny Murdani in official public reports had changed three times--from an initial 9 to a final 30 killed and 53 injured.

He argued that the fact that the figure had changed and the fact that to his knowledge some 200 people had remained unaccounted for since the riot pointed to look into the incident--as recommended in the white paper.

The white paper, he said, was an effort to open a dialogue with the government, not an attempt to undermine its authority as the prosecution has charged.

Mr. Dharsono said that he would continue to pursue the truth behind the riot and its aftermath whether he was jailed or set free.

At the end of today's session, during which the defendant lambasted what he called the over-active role of the military in Indonesian society, the crowd of some 400 outside the court booed the prosecutor when he declined to answer Mr. Dharsono's question about whether he believed the official casualty figures.

The trial continues on Monday.

/9738

CSO: 4200/401

INDONESIA

SABOTAGE RULED OUT IN TV STATION EXPLOSIONS

BK181633 Jakarta KOMPAS in Indonesian 12 Dec 85 p 9

[Excerpt] Yogyakarta, KOMPAS--Two reasonably strong explosions were heard at the Yogyakarta television station complex on Monday night [9 December]. The explosions were preceded by the breakup of the fuse box and followed by a blazing fire which affected the primary cable adjacent to the complex' electricity powerhouse. Thanks to a swift response, the blaze did not affect nearby buildings, even though it managed to temporarily stop a television program being relayed from the Jakarta television station. Half an hour later, the relay was resumed by using emergency diesel electricity power.

The Yogyakarta television station as well as the State Electricity Authority are still investigating the real cause of the incident. However, the possibility of sabotage is ruled out. A local station official described it as "an ordinary accident which should not have taken place at a vital installation."

The chief of the Yogyakarta television station, Ishadi, was not available for comment because he was in Jakarta. What KOMPAS could confirm from station employees was that the explosions occurred at about 2030 [1330 GMT] and were loud enough to be heard by villagers living next to the station. Despite the darkness after the explosions, the employees on duty were not panic-stricken and managed to extinguish the fire with the existing firefighting equipment.

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CSO: 4200/55



INDONESIA

BORDER PROBLEM DOMESTIC AFFAIR, IRIAN JAYA GOVERNOR SAYS

Jakarta ANTARA NEWS BULLETIN in English 14 Nov 85 p A 10

[Text] Jayapura, November 14 (ANTARA)--The governor of Irian Jaya, Izaak Hindom has said that the Indonesia-Papua New Guinea border problem is completely a domestic affair between the two countries and no other country may meddle in it.

The governor made the statement when receiving a call from the University of Papua New Guinea students led by Stephen Roger Rank at his office here Thursday.

He reaffirmed that the Indonesian Government had never expelled its people from the country. Instead, it always tries to improve the welfare of the people. It was the OPM influence that had made some Irian Jayans leave their villages to cross the border to PNG, he said.

The governor told the PNG students that many of the Irian Jayans border crossers had now returned home and they had even been resettled and provided with housing facilities, life security and land ready for cultivation.

The administration of Irian Jaya has also carried out housing, cooperative, agricultural, educational and religious development for the people in the Indonesia-PNG border areas, which is not always easy due to the lack of communication facilities.

With regard to the difficulty in carrying out development programs in the border areas, therefore, the Indonesian government is at present undertaking a Trans-Irian Jaya road project that will connect Abepantai, Merauke and Nabire with Wamena.

Governor Izaak Hindom hoped that the students who had come here under a cooperation between the two countries, which the governor said as very good, would make clear signs of the development programs in the province.

The governor called on the students to make inspection anywhere they like for comparative study.

During the meeting the governor was flanked by his assistant J. Pattipi and several assistants to the regional secretaries of the Irian Jaya third-level region while the PNG students by the first rector of the Irian Jaya Cendrawasih University, Agus Kafiari and other staff members of the university.

INDONESIA

INDONESIA WILL ARREST IRIANESE SEPARATISTS IF THEY RETURN

HK200550 Hong Kong AFP in English 0522 GMT 20 Dec 85

[Text] Jakarta, Dec 20 (AFP)--Five separatist leaders who surrendered to Papua New Guinea authorities early this month will be arrested if they return to Indonesian territory, Interior Minister Suparjo Rustam has said.

Mr Rustam told the national news agency ANTARA in an interview published today that the separatists had broken Indonesian law and would be brought to trial if they recrossed the border with Papua New Guinea.

The five are James Nyaro, overall commander of the Free Papua Movement (OPM), his defence minister Alan Donald Derey, southern sector commander Geradus Tommy and two of his deputies.

Papua New Guinea Foreign Minister Legu Vagi said in a statement issued December 9 that none of the five would be returned to Indonesia. He said their families were being cared for by the United Nations High Commission for Refugees (UNHCR).

All five are currently being held under tight security in a jail near Port Moresby, according to reports from the Papua New Guinea capital, while the UNHCR looks for third countries to give them political asylum.

The small, ill-equipped OPM has been waging a sporadic war against Indonesian rule of Irian Jaya. Indonesia took control of the border province in 1963.

Mr Rustam, who is chairman of the Indonesia-Papua New Guinea border crossers' committee, said OPM members were working hard to stay away from Indonesia because they were afraid of the legal consequences if they returned.

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CSO: 4200/433

# MINISTER LAUDS RELIGIOUS HARMONY IN IRIAN JAYA

Jakarta ANTARA NEWS BULLETIN in English 15 Nov 85 p A6

[Text] Jayapura, Irian Jaya, November 15 (ANTARA)--Religious Affairs Minister Munawir Sjadzali has said that religious life in Irian Jaya could serve as a model in preserving national harmony.

The minister made the statement when opening a new building of the representative office of the Ministry of Religious Affairs here Friday.

Harmonious religious life is evident from the absence of reports of unrest among religious groups here. He also pointed out that Muslims and Christians in the nation's largest but sparsely populated province live side by side and that mosques and churches are built close to one another.

"This shows that such harmonious life has long been inherited by our ancestors who stressed on the importance of tolerance and not on difference in worship," he added.

He went on to say that religious propagations were directed to persons who previously had not followed any religious belief, and not to convert someone who had acquired his or her own religion.

On behalf of the Indonesian Government he extended his appreciation to foreign religious missionaries who had been working hard even in remote areas. On the other hand he reminded that such duties should not be connected to conceal political intentions.

## Avoid Misconceptions

Meanwhile, Irian Jaya Governor Izaac Hindom reminded the Irian Jaya community to avoid any misconceptions of transmigration program, in particular from the religious aspects.

He explained that one's belief in God was really a personal matter, and that the transmigration of people from Java to Irian Jaya was to help improve the standard of living here.

The governor also mentioned that the government would continue to implement transmigration in the coming years.

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CSO: 4200/405

INDONESIA

MINISTER APPRECIATES WORK OF FOREIGN MISSIONARIES IN IRIAN JAYA

Jakarta ANTARA NEWS BULLETIN in English 16 Nov 85 p A3

[Text] Jayapura, Nov 16 (ANTARA)--Religious Affairs Minister Munawir Sjadzali has said that the work of foreign missionaries in religious services in Irian Jaya had so far been positive and deserves appreciation.

Religious services in Irian Jaya are needed and the central as well as regional governments are always open to give permission to any religious activities in the region so far as they are not linked with political interests, he added.

In his briefings to the participants of a consultative meeting between officials of the Ministry of Religious Affairs and Missionaries and chairman of church sponsors in Indonesia at the governor office here Thursday the minister further said that the missionaries' success in educating the people had indeed promoted the government's efforts in building a Pancasila-based nation.

The minister expressed the hope that foreign missionaries in the region would educate local people to become religious leaders for the development of the people.

The three-day meeting was attended by 40 participants, aimed at preparing Christian and Protestant religious leaders.

On the occasion Minister Munawir presented financial worth Rp.87,500,000 (US\$87,500) for the rehabilitation of religious facilities.

Present during the meeting were the secretary general of the Ministry of Religious Affairs, Aswasmarmo, the director general of Islamic mass guidance, Abd. Kadir Basalamah, the director general of Christian and Protestant mass guidance, Soenarto Martowirjono, the regional administration officials and other invitees.

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CSO: 4200/406

INDONESIA

TRANSMIGRATION PROGRAM IN IRIAN JAYA CALLED POSITIVE STEP

Jakarta ANTARA NEWS BULLETIN in English 17 Nov 85 p A5

[Text] Jayapura, November 16 (ANTARA)--Dr. Budai Tapare, a lecturer from Papua New Guinea, is of the view that the transmigration program in Irian Jaya is positive.

Speaking to ANTARA here Friday, Tapare, who is currently leading a 13-member team of students from the PNG University, Port Moresby, said that the regional government police in resettling residents who had previously scattered in various other resettlements was a positive step. This system is also applied in PNG, he said.

The students team which in a current visit to the region observed several transmigration projects in Jayapura regency.

The team was impressed by the system of mixed resettlement of transmigrants from Java and the local people.

The students said that the development programs launched by the regional government were really directed towards the improvement of the people's living standard.

The living standard of the Irian Jaya people has really been increasing and it is contradictory to what the PNG people commonly think about what they said.

Budai Tapare said that he found the Irian Jaya people had the high spirit of solidarity and unity and added that there was a mistaken opinion in PNG considering that Irian Jaya people dislike Indonesian people.

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CSO: 4200/406

INDONESIA

PNG PLEASED WITH SETTLEMENT FOR FORMER BORDER CROSSERS

Jakarta ANTARA NEWS BULLETIN in English 19 Nov 85 p A3

[Text] Jayapura, Nov 18 (ANTARA)--The Government of Papua New Guinea (PNG) is pleased with what it learned about the living condition of ex Irian Jaya's border crossers now placed at Workwoana village, Arso district, Jayapura regency, Irian Jaya, according to Indonesia-PNG border team.

It proved that the Indonesian Government is really concerned about its people, said the eight member team led by first assistant to PNG secretary general for foreign affairs in Port Moresby, Matalo Rabura, during a meeting with the ex border crossers here Monday.

The Indonesian Government provides housing facilities and living allowances. A very encouraging fact, he said, adding that the people in the district do not live in groups but mingle with other people from outside Irian Jaya.

This is contrary to issues which say that the ex border crossers returned to a life where there was only poverty, he went on to say.

Rabura said he would submit a report to his government about the real situation to encourage the other border crossers to voluntarily go back to their home town or by the help of the Indonesia-PNG governments and live peacefully with their own people.

Head of the Indonesian representatives in the Indonesia-PNG border team, Bas Youwe, regent of Jayapura, explained to newsmen here that the visit of the border to the settlement was aimed at making a close observation of the living condition in the village.

On Tuesday the team was scheduled to have a meeting with Irian Jaya's government officials to discuss matters on the development of the border areas of the two countries and other matters related to the development plan.

The first border crossers of 99 people who returned to Irian Jaya on December 22, 1984 have received 100 houses from the government as well as a six-month allowance while waiting for their first harvest.

Besides the allowance they also received medical facilities and social guidance from the Ministry for Social Affairs.

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CSO: 4200/406

INDONESIA

FIRST TRADE SURPLUS WITH THAILAND IN TEN YEARS

Jakarta ANTARA NEWS BULLETIN in English 20 Nov 85 p A9

[Text] Jakarta, Nov 20 (ANTARA)--Indonesia last year started to enjoy a surplus in its trade with Thailand after ten years of suffering deficits, official figures show.

Last year, trade balance between the two ASEAN countries gave a surplus of US\$12 million for Indonesia. Indonesia's export to Thailand that year earned US\$97.5 million while its import on the other hand cost only US\$55.4 million.

The Central Bureau of Statistics (BPS) noted that this year in the January-July period Indonesian export to Thailand had reached US\$55 million against an import total of US\$38 million, thus giving a surplus of US\$17 million to Indonesia.

In the decade since 1974, the trade had always been in favour of Thailand from year to year due mainly to a bulky Indonesian import of rice from Thailand. Now Indonesia has achieved self-sufficiency in rice and no longer needs to buy that commodity from any other country.

In 1974, Indonesia's export to Thailand was worth only US\$9.176 million against a big import of US\$84.83 million, making Indonesia suffer a deficit of no less than US\$76.65 million.

Indonesia's main exports to Thailand include crude oil, coal chemicals, logs, aircraft equipment, cement, fertilizer, fresh and frozen fish, garments and handicrafts.

From Thailand, Indonesia imported fodder, artificial fibres, ships, textile goods, minerals (corals and sand) and until recently rice.

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CSO: 4200/406

INDONESIA

PRC TRADE OFFICIAL MEETS CHAMBER OF COMMERCE OFFICIALS

Jakarta ANTARA NEWS BULLETIN in English 14 Nov 85 pp A5, A6

[Text] Medan, Nov 13 (ANTARA)--PRC (People's Republic of China) wishes that Indonesia-PRC relations will not be limited to a trade cooperation, but also in other fields, Ping Ji An, chairman of the Chinese foreign trade affairs stated in a meeting with North Sumatra Kadin (Indonesian Chamber of Commerce) executives and Belawan port officials here Wednesday.

PRC's trading ships have been visiting Belawan port for four times so far, and it was hoped that more ships from PRC would follow suit, Ping Jin An said at the meeting held by the Belawan port management.

Belawan, Indonesia's biggest exporting port, since August has seen the shipment of 30,000 tonnes of fertilizer and 3,000 tonnes of rubber of PRC.

Other commodities to be exported through Belawan are cement, coffee, plywood and garment. Indonesia until today has not bought anything from the republic, but it has been fixed that Indonesia would buy cotton from PRC.

Ships to Indonesia

Following the reopening of Indonesia-PRC direct trade on July 17, PRC has sent its ships to Indonesian ports such as Tanjung Priok (Jakarta), Tanjung Perak (Surabaya), Ujungpandang (South Sulawesi) and Belawan.

The PRC delegation to the meeting was very much impressed with the excellent service at the Belawan port, and expressed the hope that the goods from PRC be immediately sent to the purchasers.

Head of the Belawan port administration Ir. Hanry Sukirno on the other hand asked PRC not to send ships of more than 25 years old to Indonesia.

Ping Ji An also expressed PRC's surprise over the fast progress of Indonesian trade business, since in the 1960's it was PRC who sent more goods to Indonesia, not the other way round as it is now.

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CSO: 4200/405



INDONESIA

SUDHARMONO ON IMPLICATIONS OF TRADE WITH PRC

BK231149 Jakarta MERDEKA in Indonesian 19 Dec 85 p 1

[Excerpts] Jakarta, Wednesday [18 December], MERDEKA--Minister and State Secretary Sudharmono has reiterated that the pattern of Indonesian-PRC trade relations is not an indication of the Indonesian government's intention to normalize diplomatic relations with the PRC. He said that trade overtures made by the private sector are solely designed to promote nonoil and nongas exports and that the PRC has great potentials as a market.

The minister and state secretary was speaking in a working meeting with the Parliamentary Commission II chaired by Commission Chairman Naya Iskandar at the building of the Indonesian House of Representatives in Jakarta on Wednesday.

Briefing the Parliamentary Commission II, Sudharmono said that trade links with the PRC cannot be treated in the same way as our trade links with other countries in view of the dominant influence of Marxism-Leninism on the PRC's policy. "This means that we cannot rule out a possible exploitation of these trade relations for their political interests, and accordingly we must remain vigilant toward this possibility," Sudharmono said.

According to Sudharmono, the vigilance is manifested in the consolidation of the Pancasila ideology and the holding of refresher courses and seminars to provide information and explanations about the possible political implications of these trade relations.

The government has taken other preventive measures to counter such possible political implications in addition to holding refresher courses and seminars for members of the Indonesian Chamber of Commerce and Industry who will be directly involved in undertaking these relations. The preventive measures include special immigration regulations for Indonesian businessmen wishing to go to the PRC and vice versa.

Sudharmono went on to say that the government has also restricted calls by PRC flagships to Belawan, Tanjungpriok, Tanjungperak, and Ujungpandang. He added that PRC flagships can only call at other ports when necessary with a special permission.

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CSO: 4213/58

INDONESIA

ROK TRADE MISSION EXPLORING INVESTMENT POSSIBILITIES

Jakarta ANTARA NEWS BULLETIN in English 14 Nov 85 p A 1

[Text] Jakarta, Nov 14 (ANTARA)--The visiting South Korean Industrial Federation mission led by former Minister of Finance In-Sang Song, is willing to explore possibility of making investment in Indonesia, it was learned here Thursday.

The 20-man mission arrived here on Wednesday evening for a three-day visit to the country, during which members of the mission will have talks with several cabinet ministers.

Upon the mission's arrival here, In-Sang Song told newsmen that the visit is aimed at enhancing the existing economic and trade relations between South Korea and Indonesia and exploring the possibility of South Korean businessmen making investment in the country.

He also said that the two countries have been facing some difficulties in stepping up export volumes during the current protracted recession, therefore Indonesia and South Korea as developing nations have a common interest to seek a way out.

Touching on the trade relations between the two countries Song said that his side was not satisfied with the current situation although the trade volumes between the two nations have been increasing gradually from time to time.

In this connection, he went on South Korea is willing to increase its import from Indonesia, and in return Indonesia should also step up its import from ROK in order to improve the current trade balance which has been favouring Indonesia.

According to data from the Ministry of Trade, South Korea is the fourth biggest trade partner of Indonesia with an export value of about US\$.653 million in 1984.

Indonesia's main export commodities to the Republic of Korea last year were oil products worth US\$516 million, while other non-oil/gas commodities consisting of plywood, tin, rubber, coffee and rattan were only valued at about US\$.137 million.

Indonesian import value from South Korea was about US\$.254 million in 1984. Commodities imported from South Korea consisted of concrete iron, ships, plastic materials, machineries and electronic goods.

South Korea is scheduled to import liquefied natural gas from Indonesia as of 1987 worth US\$.600 million annually.

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CSO: 4200/405

INDONESIA

TRADE WITH TAIWAN NOT AFFECTED BY TRADE WITH PRC

Jakarta ANTARA NEWS BULLETIN in English 11 Nov 85 p A2

[Text] Samarinda (East Kalimantan), Nov 11 (ANTARA)--The East Kalimantan trade of various commodities with Taiwan is not affected by the new government's policy to open a direct trade with China, it was learned here.

Head of the East Kalimantan office of the Ministry of Trade Tigor Gultom told newsmen here Monday that during the last nine months East Kalimantan earned about US\$.6 million in foreign exchange from its export of various non-oil/non-gas commodities to Taiwan.

East Kalimantan has been exporting sawn timber, plywood, blockboard, coal and amoniac to Taiwan.

Tigor Gultom further said that plywood is on top place of various commodities exported to Taiwan with a total volume of 11,000 cubic metres valued at US\$.2.4 million, followed by amoniac (11,800 metric tons) worth US\$.2 million, and coal (51,000 metric tons) valued at US\$.1.4. million.

The other commodities yielded lesser amount of revenues for the province, he added.

Taiwan was the fourth biggest importer for the East Kalimantan commodities after the United States, Japan and Hong Kong for the 1983/84 period.

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CSO: 4200/405

INDONESIA

PRC OFFICIALS STUDYING TRADE POSSIBILITIES IN UJUNG Pandang

Jakarta ANTARA NEWS BULLETIN in English 11 Nov 85 pp A2, A3

[Text] Ujung Pandang, South Sulawesi, Nov 11 (ANTARA)--The People's Republic of China (PRC) needs a lot of Indonesia's commodities, Zhang Ragiao, deputy manager of Sinochart (a state-owned company under the Chinese Trade Department), has said.

Speaking before members of South Sulawesi KADIN (chamber of commerce and industry) here Sunday, Ragiao said his country needs among others cement, fertilizers, rubber, coffee, and gas products from Indonesia.

At present, a four-member delegation from Sinochart is visiting here to make a feasibility study of a direct trade on those commodities.

During their stay in Indonesia, the delegates also visit some important harbours like those in Jakarta, Surabaya, and Belawan, as a follow up the memorandum of understanding signed last July.

The delegates, who came to Indonesia in a return visit, are studying the kinds of commodities they can purchase.

Answering questions from newsmen, Advisor of the South Sulawesi KADIN Drs. Burhamzah MBA said that Indonesian entrepreneurs should be more active in promoting their commodities.

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CSO: 4200/405

INDONESIA

HABIBIE CALLS FOR MERGER OF CAR ASSEMBLY PLANTS

Jakarta ANTARA NEWS BULLETIN in English 12 Nov 85 p A7

[Text] Jakarta, Nov 12 (ANTARA)--It will take a long time for Indonesia to establish its own automotive industry, if the present condition of the industry itself still remains unchanged, according to Minister of Research and Technology B.J. Habibie Monday.

In an address at the 3d International Pacific Conference on Automotive techniques proceeding here until Nov. 14, the minister cited the excess number of the country's automotive assemblers which have so far turned out so many models of vehicles as a major barrier making Indonesia difficult to shortly set up its own automotive industry.

"There are at present 21 automotive assembling plants, whereas the ideal number is only three at the utmost," said Minister Habibie, describing the domestic car market on the other hand as very limited and the purchasing power as very dependent on the national growth.

"As a result, the automotive production in the past few years has continued to drop," he said showing the figures that in 1982 the car production reached 188,551 units, down to 155,180 units in 1983. And in 1984, it continued to move down to 153,678 units comprising 23,376 passenger cars and 130,302 vans and trucks.

The minister estimated that the car production will not increase until 1988 in the face of the still weakening market.

According to Minister Habibie, to overcome the problems and to materialize the national goal of producing Made-in-Indonesia cars, is to cut the present number of brands into mergers. In this respect, he hoped the automotive assemblers would voluntarily merge, so their capital will become stronger.

Another effort, he continued, is to leave the car brands decrease naturally. In the sense, the sales continue to drop and get uneconomical any longer.

If they could quickly merge so that there would be only three major car industries left, it was certain that by the next five years, an Indonesian car industry would be realized, he assured.

The conference discussing some 115 papers on automotive technology is attended by 356 automotive engineers from nine countries, notably the United States, Japan, Australia, Korea, China, India, Egypt, Britain and Indonesia.

INDONESIA

DOMESTIC FUEL OIL CONSUMPTION ESTIMATED TO DECREASE IN PELITA IV

Jakarta ANTARA NEWS BULLETIN in English 17 Nov 85 p A 1

[Text] Jakarta, November 16 (ANTARA)--Domestic consumption of fuel oil during the current Five-Year National Development Plan (Repelita IV) is estimated to decrease, because the use of fuel oil for industry, especially cement and the steamed-power generating plants, will be replaced by coal and gas in the future.

Data from the Ministry of Mines and Energy here showed Saturday that the domestic consumption of fuel oils during the 1984/85 period totalled about 24,710,000 kilolitres consisting of avigas (11,000 kilolitres), avtur (607,000 kilolitres) super and premium gasoline (4,097,000 kilolitres), kerosene (7,200,000 kilolitres), automotive diesel fuel (7,725,000 kilolitres), industrial diesel fuel (1,603,000 kilolitres) and residual fuel oil (3,470,000 kilolitres).

The data also disclosed that the domestic consumption of the fuel oils during the current (1985/86) period is estimated to reach a total of about 25,500,000 kilolitres. The figures will decrease into 25,147,000 kilolitres for the following period of 1986/87, while in the 1987/88 period the consumption of fuel oil will drop again into 25,081,000 kilolitres and the later figures will fall again in the 1988/89 period to a total of 24,999,000 kilolitres.

President director of the state-owned oil and gas company Pertamina A.R. Ramly told ANTARA in Tanjung Pandan, South Sumatra, last Thursday that his company will in the future be drafting a dynamic fuel oil transportation and distribution system in the light of maintaining a stable supply of energy.

For the first step, A.H. Ramly said, Pertamina is currently constructing fuel oil distribution networks by installing pipelines linking main terminal to various towns, particularly in Java.

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CSO: 4200/406

INDONESIA

SOUTH KOREA ASKS INDONESIA FOR GAS CONTRACT FLEXIBILITY

HK161031 Hong Kong AFP in English 0921 GMT 16 Dec 85

[Text] Jakarta, Dec 16 (AFP)--South Korea today appealed to Indonesia to be flexible in the implementation of a 20-year contract to supply liquefied natural gas (LNG) to South Korea.

Regular shipments of the gas are scheduled to start next year and reach the contracted amount of two million tons annually by 1987 on a take or pay basis.

South Korean Minister for Natural Resources and Energy Choe Tong-kyu, speaking at the opening ceremony of a two-day meeting of the Indonesia-Korea Joint Committee for Resource Energy Cooperation, said that "difficulties still seem to stand in the way" of full implementation of the contract.

He appealed to the Indonesian side to "fully consider the difficulties" which he said arose from the lack of price competitiveness of LNG for both power generation and town gas which he said may discourage Korean energy policy makers.

"I hope Indonesia will fully consider the difficulties from which Korea is to suffer and other constraints and unfavourable circumstances which may arise from an inflexible implementation of the contract so that we can maintain a long-term energy policy for LGN in Korea," he said.

Indonesian Energy Minister Subroto in his opening speech said Indonesia was confident that the Indonesian State Oil Company Pertamina and the importer, Korea Gas Corp., would "exert their best efforts" to resolve any possible problem which may arise from the implementation of the contract.

Mr Subroto said trial shipments would begin mid-1986 and regular shipments later in the year and that construction of shipping and receiving facilities was proceeding on time.

The Indonesian minister also said his government was studying the possibility of using gas from a field discovered by Kodeco Energy Company (KODECO) off the coast of Java to fuel a nearby power station in Gresik, East Java.



The reservoir, estimated by the company to contain reserves of some 3.4 trillion cubic feet has been confirmed to be sufficient for commercial development, Mr Subroto said.

He added that the government also hoped that the Korean Mining Company Kiedeco could begin mining coal in its concession on the island of Kalimantan, where reserves have been officially estimated at 517 million metric tons.

/12712

CSO: 4200/433

INDONESIA

PROJECTED OUTPUT OF FOREST PRODUCTS

Jakarta ANTARA NEWS BULLETIN in English 18 Nov 85 p A 1

[Text] Jakarta, Nov 17 (ANTARA)--Indonesia's log production is expected to reach 34,080 cu.m. a year at the end of 1986.

The output will be processed at home into 10.5 cu.m. of sawn timber and 5.6 cu.m. of plywood.

A source of the Forestry Ministry here said that at the end of the Fourth Five-Year Plan, the log production is targeted at 40.9 cu.m. to be processed into 12.1 cu.m. of sawn timber and 7 million cu.m. of plywood and 340,000 cu.m. of other wood processing products.

Other forest products, including rattan and sandal wood, are expected to reach 260,000 cu.m. from which the government will get an extra earning of around US\$134 million of foreign exchange.

The rattan processing centres will be set up in Southeast Sulawesi, Central Kalimantan, South Kalimantan, East Kalimantan, South Sulawesi and Central Sulawesi.

In 1986 export of rattan products is estimated to pocket US\$2 billion foreign exchange earning. The figure is expected to increase to US\$3.10 billion at the end of the five-year plan.

Efforts will be made to rehabilitate tree-denuded and barren lands in 1986/87 including to control the use of land by nomadic communities.

Land conservation will be made on 7.8 million ha of land through reafforestation drive, the source said.

/8309

CSO: 4200/406

INDONESIA

BRIEFS

'COCKTAIL PARTY' PROPOSAL--Denpasar, KOMPAS--Foreign Minister Mokhtar Kusumaatmaja says he has not received reports that Prince Sihanouk, a leader of the Cambodian coalition government, has abandoned the "cocktail party" proposal aimed at bringing all parties involved in the Cambodian conflict together for an informal meeting. Speaking to KOMPAS at the Bali Sol Hotel, Nusa Dua, Bali on Thursday [12 December], Mokhtar said: "Let us wait and see how the situation develops, because the 'cocktail party' proposed by Indonesia is different from that proposed by Prince Sihanouk." Pressed to comment on whether Prince Sihanouk had indeed abandoned his cocktail party proposal because the conflicting parties found it difficult to accept the proposal, Mokhtar said: "Prince Sihanouk will be one of the cocktail party participants. If he refuses to take part, the meeting will definitely never take place. So let us just wait and see." The foreign minister was in Bali to address a seminar on U.S.-Indonesian bilateral relations organized by the Center for Strategic and International Studies. [Excerpt] [Jakarta KOMPAS in Indonesian 13 Dec 85 p 12 BK] /9738

MOKHTAR VISIT TO AUSTRALIA--BERITA YUDHA comments on Foreign Minister Mokhtar Kusumaatmaja's 6-day visit to Australia which began last Saturday [14 December]. According to BERITA YUDHA, the visit signifies an improvement in Indonesia-Australia relations, and it is an expression of Indonesia's happiness over the Australian Government's understanding of developments in the East Timor issue, which had been an irritant in Indonesia-Australia relations. BERITA YUDHA is confident that Indonesian-Australian relations will further improve. The daily remembers similar past experiences. Problems arising as a result of misunderstanding have always been overcome. [Article from the press review] [Text] [Jakarta Domestic Service in Indonesian 0600 GMT 17 Dec 85 BK] /9738

MOKHTAR RETURNS FROM AUSTRALIA--Foreign Minister Mokhtar Kusumaatmaja says Indonesia and Australia have agreed to give priority to matters of mutual interest, such as global disarmament, the North-South dialogue, and multi-lateral economic relations. The foreign minister made these remarks on his arrival at Jakarta's Halim Perdanakusumah Airport this evening from his visits to Australia and the Philippines. He said that his visit to Australia had attracted the attention of all quarters, including the government and opposition groups in that country. During his visit to Australia, the

foreign minister briefed Australian leaders on the situation in Cambodia as well as Indonesian plans to ratify the International Law of the Sea Treaty. He also signed an Australian financial aid agreement which will be channeled through the World Bank. On his way home, Mokhtar made a stop-over in the Philippines to attend the funeral of former Philippine Foreign Minister Carlos Romulo. [Text] [Jakarta Domestic Service in Indonesian 1200 GMT 19 Dec 85 BK] /9738

VETO OF JENKINS BILL--In its editorial today, MERDEKA writes of President Reagan's veto that the United States' President has restored brighter hopes to many textile- and other commodities-exporting countries to the United States with his veto on the Jenkins bill. The most important thing now is to ensure that President Reagan's veto remains effective and will not be alerted. According to MERDEKA, Reagan's veto of the Jenkins bill has definitely alleviated the currently alarming economic situation in Indonesia and it is hoped that it will continue to do so in the future. [Article from the press review] [Text] [Jakarta Domestic Service in Indonesian 0600 GMT 20 Dec 85 BK] /9738

DIPLOMATIC RELATIONS WITH SEYCHELLES--Ambassador Ali Alatas, permanent representative of the Republic of Indonesia to the United Nations, and Ambassador Giovinnella Gonthier, permanent representative of the Republic of Seychelles to the United Nations, signed a joint statement on the establishment of diplomatic relations between the two countries in New York yesterday [16 December]. The statement says that the diplomatic relations at the ambassadorial level are effective on 16 December and an exchange of their ambassadors will be decided later. Copies of the joint statement have been presented to the UN secretary general for distribution to all members of the world body. [Text] [Jakarta Domestic Service in Indonesian 1500 GMT 17 Dec 85 BK] /12913

TRANSMIGRANTS FROM WEST JAVA--The West Java Office of the Transmigration Department dispatched 899 families to transmigration centers in Irian Jaya, Riau, Aceh, South Sumatera, and Central Sulawesi in November 1985. A total of 62,981 families were resettled in outer islands from West Java from the beginning of the Fourth 5-Year Development Plan to 30 November 1985. [Summary] [Jakarta Domestic Service in Indonesian 0600 GMT 11 Dec 85 BK] /12913

MOKHTAR ATTENDS ROMULO FUNERAL--Canberra, 18 Dec (AFP)--Indonesian Foreign Minister Mokhtar Kusumaatmaja today cut short his Australian visit and flew to Manila to attend the funeral of former Philippine Foreign Minister Carlos Romulo. Mr. Mokhtar, who yesterday completed two days of talks here with Australian Foreign Minister Bill Hayden, was to have flown to Melbourne today to meet businessmen and academics before returning to Jakarta tomorrow. [Text] [Hong Kong AFP in English 0140 GMT 18 Dec 85 HK] /9738

CSO: 4200/401

LAOS

# KAYSONE EVALUATES LPDR PROGRESS SINCE 1975

BK270745 Hanoi NHAN DAN in Vietnamese 2 Dec 85 p 3

[Article by Kaysone Phomvihan, general secretary of the LPRP and chairman of the LPDR Council of Ministers: "A Glorious Stage of the Lao Revolution"]

[Text] On 2 December 1975, the LPDR came into being, marking an extremely important turning point in the Lao revolution.

For the first time in the thousand-year-old history of the Lao nation, a revolutionary state was founded, abolishing forever cruel colonialist, imperialist, and feudal oppression and exploitation, and ending the outdated monarchical regime. The working people of various nationalities became the real masters of their country and enthusiastically and proudly entered a new era, the era of peace, independence, unification, and socialism.

This was the brilliant result of nearly half a century of unity and valiant, staunch, and indomitable struggle of the Lao people under the correct leadership of the LPRP, the worthy successor of the glorious revolutionary cause of the Indochinese Communist Party founded and trained by great President Ho Chi Minh.

It was an illustrious victory of the lasting militant alliance and all-round cooperation among the Lao, Vietnamese, and Cambodian revolutions in the protracted, arduous, and fierce struggle against the common enemies, for independence, freedom, and socialism.

It was also a victory for the great, valuable, and effective support and assistance of the Soviet Union, the socialist community, and the forces of peace, national independence, democracy, and social progress throughout the world. It was a victory for invincible Marxism-Leninism.

Entering the new stage, the Lao revolution has extremely favorable conditions. The LPRP, tempered in the flame of struggle, has grown quickly to lead the revolutionary cause to new victories. The Lao people, closely united, are determined to overcome all difficulties and build a bright future. All three fraternal countries of Laos, Vietnam, and Cambodia have regained independence and freedom, are united with each other, and are helping, complementing, and coordinating with one another in their national construction and defense. The mighty socialist system, with the Soviet Union as the mainstay, has been constantly consolidated and developed.

However, the situation in Southeast Asia and the world over the past 10 years has become extremely tense and complicated. Expansionism in collusion with U.S. imperialism and other reactionary forces in the region is frantically opposing the revolution of the three countries on the Indochinese peninsula in an attempt to realize its expansionist ambitions. The U.S. imperialists have returned to the region with the help of the expansionists and are pursuing a policy of containment and sabotage in the hope of weakening Laos, Vietnam, and Cambodia, checking the revolutionary trend, and keeping other countries in the region under their sway. Once again, the earnest aspiration of the Lao, Vietnamese, and Cambodian people to work in peace in order to heal the wounds of war and rebuild their countries is facing a serious threat.

On the other hand, the Lao economy, which has been heavily devastated by war, remains poor and backward; thousands of towns and hamlets must be rebuilt; hundreds of thousands of people who were herded into concentration camps of the U.S. imperialists and the puppet administration must be helped to settle into a stable life; and the economy in the newly liberated areas, which were totally dependent on the imperialists and foreign countries, must be completely transformed. In such conditions, the struggle for national defense and socialist construction in Laos over the past decade has taken place in an extremely fierce and complex manner.

Firmly grasping the law of evolution of our time that "national independence is closely linked with socialism," the LPRP has studied and applied Marxism-Leninism and the experience of various fraternal countries to the specific situation of Laos, thus opening for itself a new concrete road to socialism.

Standing at the outpost of socialism in the region and having to cope directly with large hostile forces, the LPRP advocates simultaneously carrying out and closely combining two strategic tasks: defending the fatherland and building socialism. Seeing through the enemies' insidious schemes at an early date, the party has attached great importance to the strategic task of national defense and has affirmed that to defend the Lao fatherland does not mean to defend only its sovereignty and territorial integrity but also the new regime, the solidarity and concord of the people of various tribes, and the line of international alliance and solidarity of the party. The enemies are carrying out the strategy of multifaceted war of sabotage to oppose the Lao revolution; for this reason, the task of national defense must always be combined with that of socialist construction in all areas and at all levels, especially in the economic and economic domains. At present, combining economic building with national defense and security has become a principle in the cause of the Lao revolutionary struggle. Realities over the past 10 years have proved that, thanks to the firm defense of its independence and sovereignty and the maintenance of public order and security, Laos has been able to successfully implement its plan for economic and cultural rehabilitation and development and to achieve great success in carrying out its first 5-year plan. In return, the successes made in transforming, building, and developing the economy and culture and in improving the standards of living of the people of various

tribes have been one of the most fundamental factors contributing to stabilizing the situation and consolidating and building the all-people, comprehensive national defense and security system.

The Lao people and army, under the correct strategic and tactical direction of the party, have taken the initiative in attacking the enemies militarily, politically, and diplomatically, in order to divide them and check the adventuristic nature and war hysteria of the direct and most dangerous enemy, thereby foiling piece by piece their plan to sabotage the Lao revolution. Their scheme of strangling the LPDR has failed and the U.S. imperialists' postwar plan has also gone away. All the expansionist forces and their puppets have been driven out of Laos. All their schemes to foment rebellion and social disturbances and their hundreds of provocations and border-grabbing attacks -- of which the most striking was the illegal occupation of the three Lao hamlets in Sayaboury Province by the ultra-rightists within the Thai ruling circles -- have been smashed by the Lao army and people.

The enemies' strategy of multifaceted war of sabotage aimed at weakening the revolutionary forces from within, applying outside pressure, and combining efforts inside and outside the country to peacefully annex and subvert Laos was and is still suffering heavy blows. The national defense and security system of Laos has been constantly consolidated. The armed and security forces have ceaselessly developed in all respects to serve as the mainstay to help the people successfully defend the fatherland, thus proving themselves to be a worthy and reliable instrument of the party's dictatorship in the new stage.

In conjunction with the task of defending the fatherland, the new regime, and the people's peaceful labor, the party also advocates working against time and making an extraordinary effort to build and develop the economy and culture, considering this to be the most fundamental and decisive task in building socialism.

The party strives to build an independent and socialist economic system, "using agriculture and forestry as the basis for developing industry; putting industry at the service of agriculture, forestry, communications, and transportation; and building the agricultural-forestry-industrial economic structure right in the localities and basic units."

To transform its natural, self-supplying economic system, develop it in the right direction, and advance it toward socialism, bypassing the stage of capitalist development, the party advocates simultaneously organizing and developing goods production and advancing small-scale production to large-scale socialist production. These two processes must be carried out at the same time so that they may be closely associated with each other and support and stimulate each other, thus helping develop the production forces, gradually improve the living standards of the people of all tribes, and accumulate capital for achieving socialist industrialization step by step and in a selective manner.

Distribution and circulation play a very important role in the transformation of the natural economy and the advancement of the small production system to socialist large-scale production. The party's policy is "to consider trade as the main link and communication and transportation as the spearhead, to simultaneously apply the various economic levers to boost production..." -- with special attention given to the signing of two-contracts between the state and the producers, first of all peasants of the various tribes. This is not only a measure that enables the state to control goods and money and guide production activities, but also a very important factor for consolidating the worker-peasant alliance in the new revolutionary stage. In recent years, the specific viewpoints and policies adopted by the Lao party and state in the distribution and circulation domain have vigorously stimulated production even in remote mountainous and rural areas. They have initially broken the stagnation resulting from the system of self-supply that existed for thousands of years, introduced economic exchanges between villages, localities, and regions; created conditions for gradually applying science and technology to production; eliminated step by step backward work practices and superstitious beliefs; and greatly contributed to the realization of the revolutions in production relations, in science and technology, and in culture and ideology.

Following the overthrow of the small and weak exploitative class in Laos, as the production capacity of the old society is very low, and the newly emerged production force is not yet capable of catching up with the progressive production relations that are being systematically established, the party's policy is "to closely combine economic transformation with construction, with construction being the main aspect in which it is most important to build the production forces and train a new type of men who know how to conduct production, business, and economic management activities." The state has devised policies for using all the five economic components to develop production, with priority given to building the state-run and collectivized economies so as to enable the socialist economic components to constantly develop their leading role in the national economy. Family-based economy is an indispensable component of the socialist economic system in Laos. With specific assistance and guidance from the state, the family-based economy positively contributes to improving the living conditions of cadres, workers, and state employees; and, together with the state, it has succeeded in overcoming some of the immediate difficulties.

In their strategy for the multifaceted war of sabotage, the imperialists and expansionists are intensifying sabotage activities against our economy and everyday life in a frenzied, subtle, and perfidious manner. Through cunning maneuvers, they are undermining the implementation of the Lao party's and state's economic viewpoints and policies; sabotaging production and business establishments; resorting to economic dealings to buy, corrupt, and discredit our cadres; and infiltrating our internal ranks for sabotage purposes in a bid to weaken the people's confidence in the revolution. It can be said that sabotaging the economy -- taking advantage of our economic difficulties and shortcomings to erode the forces of the revolution like "termites eating away at a house" -- is a main content and



measure of the scheme for annexation and subversion by peaceful means conducted by hostile forces in the past. To win victory on this hot, fierce, and complex front it is necessary to mobilize the aggregate strength of the revolution, most importantly, by realizing the motto of closely linking national defense and security with the economy and vice versa. This is also meant to concretize in practice the law "national construction must go together with national defense" in Laos. By developing to a high degree their aggregate strength at home, effecting close economic integration and comprehensive cooperation with Vietnam and Cambodia and close cooperation with the Soviet Union, and relying totally on the socialist community, the Lao people have recorded great successes on the economic and everyday life front and step by step defeated the scheme of economic encirclement, manipulation, and sabotage conducted by expansionism and imperialism in a bid to subdue Laos and force it to follow their orbit.

It is of decisive significance vigorously to change and strengthen the tasks of organization and implementation, among which are such prominent issues as promptly materializing lines; defining guidelines, steps, and forms appropriate to the economic standards and realistic capabilities of the country; and establishing a dynamic and effective system of management. The Lao party and state have advocated the policy of using many intermediary and transitional steps and forms to transform the relations of production, build and develop production forces, conduct the basic and advanced training of cadres and workers, familiarize the people with the new revolution, and build a new economy. The establishment of a new management system must be linked closely to the struggle to eliminate the management system of bureaucratic centralism and subsidization, which is restraining economic development. Its inertia lies in the highly negative habits of leading and economic management cadres. Authority must be vigorously decentralized and delegated to localities and primary installations and all activities transferred to the grass-roots level to build comprehensively strong and firm primary installations, to advance from these installations, and to combine local work with central work within the framework of cooperation between the state and people. Socialist accounting and business transactions must be emphasized, the economic levers (prices, wages, money, and so on...) satisfactorily applied, and education and political and moral motivation combined with material incentives to stimulate production and motivate workers to produce enthusiastically, improve their technical work and productivity, lower production costs, and constantly increase the economic results. In accounting, attention should be paid to eliminating irrational and negative factors in the old system and advanced norms must be established. The experimental implementation of Laos' First 5-Year Plan has shown that these steps and measures have stirred up the enthusiasm and creativity of workers, developed the potential of the country, and ensured the effective use of international aid.

Although the past 10 years are only a short period, the Lao people have scored many great and increasingly steadier successes in several fields. The total volume of grain production has doubled in comparison to 1976, and the entire country has become basically self-sufficient in grain.

Industrial crops have developed well: Coffee has quadrupled or more, tea has tripled or more, and tobacco has nearly quadrupled. Livestock herds have been restored and developed so that there is now one buffalo or ox to every two people. Although industry is still small, it is developing along the socialist line and supporting agriculture, forestry, and communications and transportation well. The total volume of industrial production has increased by 4 and 1/2 times in comparison to 1976. Some of the major sectors have developed well. Electricity has nearly quadrupled and lumber exploitation and processing have increased by 10 times or more. Thousands of kilometers of new roads and hundreds of bridges have been built. Distribution and circulation have constantly improved and expanded. The collection and purchase of forest products have increased by six times as compared to 1976. Exports have increased with exports to socialist countries alone rising by 436 percent. The material and technical bases of agriculture, industry, and communications and transportation are being built. The new production relations have been established and gradually consolidated in the entire national economy.

Illiteracy has been eliminated nationwide. One person in four is attending school. The number of students graduating yearly from colleges, vocational schools, and general middle schools is equivalent to the total number of students at all levels in the former regime. Generally speaking, in the past 10 years the Lao economy and culture have gradually changed and developed comprehensively. The material and spiritual lives of the people of all strata have further improved.

The Lao tribal people are very proud of their profoundly significant achievements in national defense and socialist construction in the past 10 years and are all the more grateful to all friendly and fraternal countries -- both near and far -- for their great, friendly, and effective assistance and cooperation.

At a time when socialism has become a world system and against the background of the very fierce struggle between the forces of peace and revolution and the imperialist and reactionary forces, the strategic and combative alliance among the revolutionary forces in the world and each region to defeat the policies of belligerence, annexation, and aggression of the imperialists and reactionaries; to defend peace; and to develop the revolutionary gains has become an objective law.

The relationship among the Lao, Vietnamese, and Cambodian revolutions is a special relationship among nations that have geographical, historic, and long-standing sentimental relations. They have a common enemy and have fought side by side for a long time to gain independence and freedom and to advance to socialism. The laws of combative alliance and comprehensive cooperation have shaped up and operated for the survival and prosperity of each nation. They have created the unbreakable strength to defeat the enemy, win and preserve the independence of each country, guarantee the steady advance to socialism for each nation, and bring about a life of plenty and happiness for their own people. These laws have created the conditions for each country to develop to the fullest extent its capabilities and potentials

and to best secure international aid for national construction and defense. The Lao people have profoundly realized that, in the long and lasting relations of alliance among the three countries, Vietnam has always played the key role and has fulfilled its glorious duty finely. To help strengthen Vietnam positively is also to make the position and strength of the alliance increasingly steadier, and the Lao people consider it their self-imposed responsibility.

To note and comprehensively cooperate with the Soviet Union and other countries in the socialist community constitutes an important factor that decides the success of national defense and socialist construction in Laos. The current world situation is tense and very complicated as a result of the adventurous policy of the U.S. imperialists and reactionaries, who are frenziedly conducting the nuclear arms race and bringing it into outer space, frantically counterattacking the revolutionary movement for peace, and spearheading their attack on the Soviet Union. The LPRP contends that maintaining close solidarity with the Soviet Union and supporting the tireless Soviet efforts in the struggle for peace and the security of all nations against the danger of a nuclear war is the primary and urgent strategic duty of all mankind. The Lao people warmly welcome the goodwill and the efforts, reflecting a high sense of responsibility, of Comrade M.X. Gorbachev, the general secretary of the CPSU Central Committee, during the Soviet-U.S. summit in Geneva. They have positively contributed to building a healthy atmosphere of trust in the world to reduce the arms race gradually and prevent an exterminating nuclear war.

The U.S. imperialists' plot to control Asia and the Pacific; the ambition of expansionism for more land in neighboring countries; their hostile policy toward Vietnam, Laos and Cambodia; their instigation of political and military confrontation between the two groups of countries in the region, and their gross intervention in other countries' internal affairs are the causes of the tense and unstable situation in Southeast Asia. The LPDR fully supports the necessary measures taken by the PRK and the SRV to defend their countries and expects the proposals full of goodwill by Laos, Vietnam, and Cambodia to receive a positive response from the countries involved so that together we will build a zone of peace, stability, and cooperation without outside intervention in the internal affairs of the regional countries.

Uniting the nonaligned countries and persistently pursuing the fundamental goals of the movement constitutes the unswerving policy of Laos. The LPDR highly appreciate the role of the nonaligned countries and the extremely important contributions of the Republic of India to the consolidation of peace and security in Asia and the rest of the world and to the struggle against imperialism and colonialism for national independence and a new just and rational international economic order. The Lao people warmly support the Asian, African, and Latin American countries' struggle to defend national sovereignty and gain independence and freedom and are convinced that this just struggle will surely triumph.

To carry out successfully the undertaking to defend the fatherland and build socialism in Laos, the most decisive factor consists of making the party firm and strong politically, ideologically, and organizationally through the realities of struggle and positively and urgently fostering and training the contingent of cadres in accordance with the development of the revolution.

The LPRP -- A Marxist-Leninist political party that has attained maturity through a fierce and protracted revolutionary struggle -- is closely attached to the people and the mass movement. It always firmly upholds its revolutionary and scientific viewpoints and closely combines universally recognized truths with actual national conditions to define its policies and actual activities.

The former struggle for national liberation and the present undertaking to build socialism in Laos at present have made it clear that setting forth correct lines is extremely important for the success of the revolution. At the same time, organizing the implementation of such lines is also an extremely crucial issue that has a decisive bearing on the effort to translate these lines into realities of the revolution. Organizing implementation requires clear sightedness and steadfastness, the capability to lead and manage the country in a comprehensive manner, scientific methods for conducting the revolution, an unprecedentedly close attachment between the party and the masses. The process of organizing implementation is also a process of thoroughly understanding the prescribed lines; concretizing and perfecting these lines; fostering and training cadres; improving methods for leadership, organization, and management; and combatting the manifestations of conservatism, subjectivism, impatience, individualism, bureaucratism, and alienation from the masses, which pose a great danger to a party in power. In this process, it is crucial to foster and train cadres, constantly improve the quality and capability of cadres and party members, and build the party into a unified bloc in thought and action. To meet the requirements in the new stage of the revolution, the Lao party is carefully fostering and developing the generation of cadres who have reached maturity through the national and democratic revolution and, at the same time, training and promoting with extreme vigor the next generation of cadres, specialized cadres, and scientific and technological cadres. The most fundamental measure for enhancing the quality and capability of cadres is to improve their understanding of socialism and their ability for economic management and to train them during the process of organizing the implementation of party lines and policies. The basis for training the contingent of cadres is the building of a new type of socialist men and the seething, continuous revolutionary movements that are being conducted by the armed and security forces, the working class, the peasantry, and the socialist intelligentsia in Laos.

In the past 10 years, through its own efforts, the party has doubled its membership. The number of leading cadres of district level or higher has quadrupled and the number of scientific and technical cadres has increased by six times or more. Old and new cadres have closely cooperated with one another and developed their role satisfactorily.

The vigorous development of the contingent of cadres in close connection with the qualitative enhancement of this contingent in the past 10 years is a very important achievement that has greatly contributed to making the LPRP comprehensively strong, firm, and worthy of being the organizer and leader of all victories of the Lao revolution.

Looking back over the past 10 years, the Lao people are proud of having overcome many difficulties and ordeals in the initial stage of the transition to socialism, of having increasingly strengthened their various forces, and of having created some important political and socioeconomic premises from which to steadily advance on their chosen path.

Although the struggle ahead is still very difficult and dangerous, the Lao people firmly believe that with the strength of harmonious solidarity and fine traditions of a stalwart and indomitable nation under the leadership of a genuine Marxist-Leninist party that has been winning victories in dangerous circumstances, and with the alliance, solidarity, and cooperation with the fraternal and friendly countries in the world, they will score glorious victories in building a peaceful, independent, socialist, and prosperous Laos.

On the occasion of the Lao nation's great festival, I would like to convey through NHAN DAN my warm greetings, comradely sentiments, and most cordial fraternal feelings to the Vietnamese people. I would like to express my profound gratitude to the Vietnamese party, stage, armed forces, and people for having strongly, wholeheartedly, and effectively supported and assisted the Lao revolution in the past half century or more of combat side by side.

May the Vietnamese people, under the leadership of the CPV headed by respected and beloved General Secretary Le Duan, victoriously fulfill the Fifth Party Congress objectives, score outstanding achievements to greet the Sixth Party Congress, and build the heroic SRV, the firm mainstay of the combative alliance and comprehensive cooperation among our three fraternal countries.

/12624

CSO: 4209/201

LAOS

DEFENSE MINISTER GREETES SRV COUNTERPART ON ANNIVERSARY

BK251522 Vientiane Domestic Service in Lao 0430 GMT 22 Dec 85

[22 December greetings message from Khamtai Siphandon, LPDR minister of national defense, to General Van Tien Dung, SRV defense minister]

[Text] Respected comrade minister, on the occasion of the 41st anniversary of the founding of the VPA, on behalf of cadres and combatants in the entire LPA and in my own name, I extend warm greetings and best wishes to you and, through you, my cordial love and solidarity to all cadres and combatants in the entire VPA.

Under the wise and clear-sighted leadership of the CPV, loyal to Marxism-Leninism and the great President Ho Chi Minh's teachings, and with its tradition of staunch revolutionary struggle and noble internationalist spirit, the VPA has recorded many glorious exploits and, together with the entire Vietnamese nation, defeated all enemy aggressors, thus fulfilling its obligations toward the nation as well as its glorious international obligations.

At present, the VPA has become a strong and daily modernized army and a firm mainstay for the cause of national defense, thus making a positive contribution to building socialist Vietnam and to the cause of building and defending the socialist outpost in the Indochinese Peninsula and to the defense of peace and stability in Indochina, Southeast Asia, and the world.

The LPA is very pleased with having a staunch comrade-in-arms as the heroic VPA and considers the growth and all victories recorded by the VPA as a glorious example and as a great encouragement and direct support for the LPA as well as an important contribution to the consolidation and strengthening of the special militant solidarity and alliance between Laos and Vietnam and among Laos, Vietnam, and Cambodia.

The LPA and the Lao people express gratitude and deep thanks to the party, state, people, and people's army of Vietnam for their precious and sincere support and assistance for the Lao revolution.

The LPA and the Lao people express gratitude and deep thanks to the party, state, people, and people's army of Vietnam for their precious and sincere support and assistance for the Lao revolution.

On this glorious occasion I wish the heroic VPA new, greater success in the cause of building and building socialist Vietnam entrusted to it by the Vietnamese party and people.

May the great friendship, special relations and solidarity, and all-round cooperation between the armies and peoples of Laos and Vietnam last forever and grow continuously! I wish you, comrade minister, happiness and more success in your heavy but honorable tasks.

Vientiane, 22 December 1985

[Signed] General Khamtai Siphandon, minister of national defense of the LPDR.

/12624

CSO: 4206/45

LAOS

VIENTIANE RIDICULES SON SANN RESIGNATION THREAT

BK280502 Vientiane Domestic Service in Lao 0530 GMT 23 Dec 85

["Talk": "Son Sann's Desperate Threats"]

[Text] No one can fail to admire the exiled Cambodian reactionaries, who are still on the run in Thailand and China, for their quality of lack of any principles, their hypocrisy, and their resorting to threats as a bargaining tool in dealing with internal disputes.

Here is one of many examples: After failing in efforts to send stooges rallying in Thailand to oppose the revival efforts of the PRK's people -- particularly after the Cambodian people, in coordination with Vietnamese volunteer forces, had conducted suppression operations to wipe out his nests in the Phnum Malai mountainous area in last year's dry season -- Sihanouk announced that he would resign from the tripartite Cambodian reactionary group, blaming the murderer Pol Pot for the grouping's loss of influence and its lack of any hope for victory. As for Son Sann, acting head of the so-called KPNLF, he said that the grouping could not coexist with Sihanouk and that the leaders of the Khmer Rouge will find it difficult to cooperate with the group as long as Sihanouk is present.

According to VOA on 20 December, even though Thai authorities tried to talk Son Sann into healing his rupture with Sihanouk to avoid internal disputes, Son Sann, ignoring the advice, went as far as to threaten to resign if his colleagues remaining in exile in Thailand refuse to join him.

Pol Pot, realizing that his reputation has been stained by the genocidal policy of his reign in Cambodia, pretended in Beijing in August this year to want to resign from his post.

Nevertheless, all these acts are only a theatrical play to cover up internal disputes and win the sympathy and additional assistance of the imperialists and the bellicose reactionary forces currently supporting the grouping.

Yet, Son Sann recently used the old, ineffective trick. According to the BBC on 20 December, Son Sann threatened to resign, although no one knew his whereabouts. Unconcerned by this threat, the Khmer Route announced the



appointment of Sak Sutsakhan as commander of Son Sann's forces. Yet, Son Sann's son, who is living in a foreign country, declared that his father remains on the front line. It is believed that this front line is probably in Thai territory.

It is assumed that Son Sann is now in a hopeless position, making threats within his own group, since his words carry no weight. Nevertheless, it is certain that his replacement will not be able to do anything because this person in reality does not exist and because there is no land for him to stand on. How can these people succeed in doing other things when they cannot resolve problems in their small group of people?

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CSO: 4206/45

LAOS

# VIENTIANE QUESTIONS THAI SINCERITY ON RELATIONS

BK280736 Vientiane Domestic Service in Lao 0530 GMT 26 Dec 85

["Talk": "Ten Mouths Are Not Better Than Actual Deeds"]

[Text] Fraternity and good-neighborliness between Laos and Thailand are time honored. Any group of influential people obstructing the exchange of visits between the Lao and Thai peoples is bound to be strongly opposed by the people, because these two peoples are still bound by the fraternal spirit of sharing fish and rice.

During the past 10 years, the LPDR Government has always persisted in this fraternity and has tried its utmost to materialize an accord between the two countries. This can be affirmed in the Lao-Thai joint communiques signed in 1979 between the two governments. In this regard, the Lao Government has carried out positive activities in resolving all conflicts through peaceful means and without armed clashes. On the contrary, the Thai Government, particularly a group of reactionary military officers in power, have taken no action reflecting a sincere desire to improve Lao-Thai relations. The creation of tension along the Lao-Thai border through various forms -- sending Thai reactionary troops to attack and seize three Lao villages in Paklai district, Sayaboury Province, in June 1984; sending Mekong River patrol boats to violate Lao waters on many missions; and feeding and sending exiled Lao reactionaries in Thailand to return to Laos to sabotage the Lao people's national construction and defense efforts -- shows that the Thai side has no sincere desire to coexist peacefully with Laos.

At present, while presenting his credentials to the Lao president on 23 November, Chaiya Chindawong, new ambassador extraordinary and plenipotentiary of the Kingdom of Thailand to Laos, pledged to work to contribute to strengthening relations of good-neighborliness and bringing fine benefits to the Lao and Thai peoples. Meanwhile, some Thai authorities have always talked about fraternal relations between Laos and Thailand.

Nevertheless, it is regrettable that only words have been uttered on the creation of a constructive atmosphere -- an atmosphere of true neighborliness. Moreover, behind these words lie deception, distortion, and hostile intentions. The Lao people are awaiting actual deeds to prove the Thai side's good intentions. In his speech on the occasion of the celebration of the

10th anniversary of the establishment of the LPDR on 2 December, Comrade General Secretary Keysone Phomvihan stressed: We nurture the time-honored fraternal friendship between the Lao and Thai peoples and firmly persist in maintaining and developing good-neighborly relations with the Kingdom of Thailand on the basis of two joint Lao-Thai communiques signed in 1979. We hope that the Government of the Kingdom of Thailand will positively respond to the Lao Government's reasonable proposals.

The materialization of this depends on the sincerity of the Thai side in matching its words and deeds. The Lao people always firmly persist in their desire to have true, good-neighborly relations with the Thai people.

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CSO: 4206/45

LAOS

ALBANIAN DELEGATION DEPARTS, ACTIVITIES CITED

BK290424 Vientiane Domestic Service in Lao 1400 GMT 27 Dec 85

[Text] The delegation of the Foreign Ministry of the People's Socialist Republic of Albania led by Deputy Foreign Minister Sokrat Plaka left Vientiane for home on 26 December. It was seen off at the airport by Khamphai Boupha, first deputy foreign minister of the LPDR, and a number of cadres concerned.

In response to the LPDR Foreign Ministry's invitation, the Albanian Foreign Ministry delegation led by Comrade Sokrat Plaka paid an official friendly visit to the LPDR 23-26 December. During his stay in Laos, Comrade Sokrat Plaka paid courtesy calls on Comrade Souphanouvong, member of the party Central Committee Political Bureau, president of the LPDR, and chairman of the SPC, and Comrade Phoun Sipaseut, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers and minister of Foreign Affairs. At the meetings the guest and the hosts held talks in an atmosphere of profound friendship. In addition, the Albanian delegation visited economic bases and ancient ruins in Vientiane.

A delegation of the LPDR Foreign Ministry led by First Deputy Foreign Minister Khamphai Boupha and the Albanian Foreign Ministry delegation led by Comrade Deputy Minister Sokrat Plaka held a meeting and talks with the spirit of friendship and mutual understanding. Both sides informed each other of the success of the construction of economic, cultural, and social bases in their respective countries and exchanged views on matters of mutual concern and mutual interest. The Albanian side sincerely hailed the Lao people's success in their national salvation struggle against the imperialist aggressors and the enemies of the Lao revolution in the past as well as the success of their national defense and construction along the path of socialism. The Lao side hailed and praised the glorious successes and victories recorded by the Albanian people during the past 41 years of their national defense and construction.

On the occasion of the Albanian delegation's visit, an agreement on cultural exchange between the LPDR Government and the government of the People's Socialist Republic of Albania for 1986-87 was concluded. Both sides also discussed the possibility of economic and trade relations and cooperation

in the future. They discussed international issues of mutual interest. Regarding this, the Lao side informed its Albanian counterpart of its attitude toward the world situation and the situation in Southeast Asia and the LPDR Government's efforts to improve relations between Laos and the neighboring countries as well as the Lao people's struggle to contribute to the consolidation of peace, stability, and cooperation in Southeast Asia.

The Albanian side explained on the Albanian Government's policy toward Europe and its efforts to establish good relations with its neighbors.

Both sides expressed satisfaction with the development of the friendly relations between Laos and Albania and unanimously agreed to continue meetings on the development of bilateral relations and on international issues of mutual interest. Both sides expressed profound satisfaction at the fruits of this visit, which will contribute to the future development of fraternal friendship and cooperation between the two countries and peoples.

The Albanian delegation expressed thanks to the LPDR leaders and the Lao people for their warm welcome accorded the delegation during its visit to the LPDR.

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CSO: 4206/45

LAOS

# VIENTIANE RALLY MARKS 41ST ANNIVERSARY OF VPA

BK241042 [Editorial Report] Vientiane Domestic Service in Lao at 1230 GMT on 21 December carries a 26-minute report with portions recorded on a "grand" rally organized by the military command of Vientiane municipality on the afternoon of 20 December in celebration of the 41st founding anniversary of the VPA, 22 December. The announcer says "the rally is attended by hundreds of cadres and combatants. President as members of the presidium of the rally are Comrade Brigadier General Chanko Phimmason, deputy chief of the Army General Political Department and representative of the National Defense Ministry; Comrade Colonel Mhonglai Kommasit, chief of the Foreign Relations Department of the National Defense Ministry' Comrade Dr Siho Bannavong, vice chairman of the Vientiane municipal administration; and Comrade Lieutenant Colonel Siboun, chief of the military command of Vientiane municipality; together with comrade representatives of the Army General Staff and General Logistics Departments attached to the municipal military command. Also attending as guest of honor at the rostrum of the presidium is Comrade Colonel Nguyen Dinh Tran, military attache of the SRV Embassy to the LPDR."

At the rally, "Comrade" Lt Col Siboun, chief of the Vientiane municipal military command, delivers a speech. In his 12-minute recorded speech, Col Siboun recalls the birth, growth, development, strength, and "victories" of the VPA over the past 41 years. He notes the "fine traditions of militant alliance" between the armies of Laos and Vietnam in the past struggle for national liberation as well as in the present struggle to defend and build "socialist" countries. Noting some significant victories of the VPA, he says: "The VPA defeated the war of aggression of the Chinese big-nation expansionists and hegemonists on the southwestern border and, together with the Cambodian army and people, fought and defeated the reactionary Pol Pot clique -- lackeys of the Beijing reactionaries -- thus saving the fraternal Cambodian nation from the genocidal danger. As a result, the Chinese strategic schemes of expansionism down through Southeast Asia have been defeated in a significant step and the socialist Vietnamese nation has been securely defended." He then recalls assistance given by the Vietnamese army and people to the Lao army and people in different stages and points to the daily strengthening of "special solidarity" and "militant alliance" between the two armies and peoples. In conclusion, on behalf of the people's army of Vientiane municipality, Lt Col Siboun expresses gratitude to the VPA for the "precious support and assistance" to Laos, saying: "Over the past 10 years, we have stood shoulder to shoulder with the Vietnamese volunteers in carrying out the task of defending the country."

Lt Col Siboun's speech is followed by a speech by "Comrade" Col Nguyen Dinh Tran, military attache of the SRV Embassy to Laos, who expresses thanks to the Vientiane military command the Lao people for organizing the rally welcoming the 41st anniversary of the VPA. He also gives a brief history of the VPA and recalls some significant victories of the VPA, including the Dien Bien Phu victory and victory in fighting to resist the "war of aggression" of the "Beijing big-nation expansionists and hegemonists" in early 1979. Regarding the fulfillment of "international obligations," he says: "The VPA assisted the Cambodian people in staging uprisings to defeat the genocidal Pol Pot-Ieng Sary-Khieu Samphan clique -- lackeys of Beijing." In conclusion, Col Nguyen Dinh Tran notes the "close militant alliance" between the VPA and the LPA over the past 41 years.

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CSO: 4206/45

LAOS

## PROVISIONAL REGULATIONS ON STATE ENTERPRISES

BK281222 Vientiane PASASON in Lao 16 Dec 85 p 2

[Text] Provisional Regulations Regarding State Enterprises

### Part I: Overall Principles

Article 1: State enterprises (which from now on will be called enterprises) are all grassroots economic units, including enterprises, combined enterprises, unions of enterprises, and companies attached to production, construction, transport, circulation, and service branches, which maintain the status of legal bodies operating businesses independently.

Enterprises carry out their operations in accordance with the mechanism of economic mastership and under the economic administrations in the areas where the enterprises are located, and all ministries concerned.

Article 2: The enterprises have the duties:

- (1) to carry out business production in the direction of the state plan, dictated by economic conditions;
- (2) to carry out business operations for profits so as to broaden production, improve living conditions, and contribute to increasing state budgets;
- (3) to efficiently organize two things -- production and living conditions -- so as to make enterprises not just labor collectives, but also part of "a welfare community;"
- (4) to ensure political tranquillity and to positively contribute to the tasks of consolidating national defense, defending the country, and protecting the environment (meaning not polluting it with poisonous elements, foul smells, and dirty liquids)

Article 3: The enterprises have the rights:

- (1) to map out, implement, and review business production plans;
- (2) to modify, enlarge, and increase or decrease fixed assets;



- (3) to modify the organizing of business production and of management and to increase or decrease the manpower attached to the enterprises themselves;
- (4) to remain free in the management of finance and the organization of utilization of capital, and to maintain the status of enterprises in accordance with their respective systems and policies;
- (5) to select, accept, and utilize labor, to suspend workers from work, to manage salary sources, to implement a format for paying salaries, and to appropriately give out commendations and rewards;
- (6) to train, improve, deploy, and utilize personnel in accordance with the party's and state's policy toward personnel;
- (7) to purchase and sell material equipment and goods and to agree on details for setting buying or selling prices in accordance with the state's pricing policy and limits;
- (8) to carry out scientific and technical research and to apply technical know-how in business production;
- (9) to develop business cooperation and economic coordination and to align economic obligations with economic organizations and units concerned;
- (10) complete enterprises are permitted to directly carry out import and export transactions in accordance with state regulations.

Article 4: The enterprises must map out a conveyer belt working system for their movements from the beginning to the end in a reasonable manner and in accordance with the characteristics and size of each enterprise so that offices, work branches, workshops, units, and labor units can be appropriately set up in a simple and practical way, reducing mediocrity and increasing efficiency.

Article 5: An enterprise must have a director and a number of deputy directors appointed by the state. The director is responsible for managing the enterprise in accordance with the duties and rights stipulated in Article 2 and 3 of these regulations.

#### Assets of Enterprises

Article 6: The assets of enterprises are composed of fixed capital and circulation capital which are partly provided by the state and partly accumulated by the enterprises themselves through production development or bank loans. Production capital will be readjusted when the state has a policy to readjust prices. The enterprises are responsible for safeguarding and increasing their production capital. If the production capital decreases, the enterprises are held responsible.

Article 7: Enterprises must manage their fixed capital in an efficient manner, ensure that machinery and other equipment is utilized in an extremely efficient manner and that land, buildings, workshops, and warehouses are appropriately used. The system of surveying, book-keeping, maintaining and repairing equipment on schedule must be applied. Depreciation costs must be taken into account.

The enterprises must not leave assets idle. If there are surplus assets, the enterprises concerned must report to the higher level for remedial action. If the higher level fails to take any remedial action 3 months after a report has been submitted to it, enterprises have the right to lease or sell the surplus assets to other economic organizations and, if the state and collective interests do not want to buy them, to the private sector.

Article 8: Enterprises must effectively manage and use their circulation capital, with the aim of speeding up its circulation and increasing its efficiency. The freezing of circulation capital by enterprises must be done in strict compliance with the regulations. Circulation capital should not be allowed to remain idle.

### Part III: Movement of Business Production

Article 9: Enterprises must outline a long-term direction for business production, such as for 5-year and 1-year production plans.

The plans of enterprises deal with social and economic development which must encompass the following three aspects: business production, organizing of living conditions, and the training of men.

The plans must be built genuinely from the grassroots level and through the economic relations process. If the numbers of plans mapped out by the enterprises are less than those suggested by the higher level and the higher level is unable to change them by any method, the plans will remain in effect.

The plans and instructions of the state for the enterprises are plans which are mapped out by the enterprises themselves. They contain two figures of basic expectations, namely:

1. The figures on the business value or the quantity of business production; and
2. The figures on business fees and other revenues which must be given to the state as part of the budget.

The state will determine the fixed level of business fees within 2 or 3 years. Within 5 years, the definite level of business fees will remain stable. This level of business fees is regarded as an average level. Enterprises are permitted to utilize any amount of surplus business fees aside from the average level for expanding business production and improving the living conditions of workers and employees.

Article 10: Enterprises must appropriately make investment in the technical and technological fields and continually improve techniques and knowledge, with the aim of effectively serving business production.

Enterprises must supply necessary equipment to the technical and technological work sector and must inspect the implementation of all work plans and technical and technological plans in a strict manner.

Article 11: Enterprises must map out plans to consistently select, train, and promote workers and employees and to raise their cultural and technical standards. They must effectively organize a material and cultural life for them. The labor relations system must be gradually applied, aimed at guaranteeing the obligations and interests of both sides. The director of an enterprise has the right to select and recruit workers who meet standard requirements and to suspend from work those workers who fail to abide by the obligations. At the same time, workers also have the right to resign from work if the director fails to abide by the obligations or on legitimate grounds.

The enterprises must build labor units and give them production assignments so as to heighten the workers' sense of collective responsibility.

Enterprises must efficiently manage and utilize their salary budgets, study and apply an appropriate mode of paying salaries, and link salaries with the final output of the enterprises.

The method of paying salaries may be like this: income minus expenditure and M-1 and M-2 (including M-3, if available) [not further identified]. The difference is then divided among workers in accordance with the salary payment system based on the quantity and quality of labor.

The state is to stipulate the highest and lowest rates of salaries so as to avoid considerably larger margins of salaries among various enterprises and in different localities.

Article 12: Enterprises must map out plans to create reliable sources of materials for producing goods through the long-term and annual economic relations obligations.

Materials and goods of enterprises must be purchased and sold in accordance with the state pricing policy: some may be transacted according to tentative prices set by the state, some according to prices mutually agreed upon by the parties concerned but within the price range specified by the state, and some according to prices mutually agreed upon solely by the two sides.

Article 13: Enterprises must ensure that they carry out business operations to generate profit and must fully and promptly pay business tax to the state in accordance with projected targets.

Enterprises must strictly implement the bookkeeping statistics system under the supervision and control of the state finance sector..

The finance ministry and the provincial and municipal administrations must have plans to train bookkeepers and to designate chief bookkeepers for all enterprises.

Enterprises must open accounts at the bank and must correctly follow procedures in depositing and withdrawing money, acquiring loans, and paying debts in accordance with the regulations. At the same time, the bank must ensure that enterprises are able to acquire loans and withdraw funds in a timely manner. It must not create problems for enterprises.

#### Part IV: The right to mastership of workers and employees in enterprises

Article 14: To guarantee the right of mastership of workers and employees in the enterprises, the director must coordinate with mass organizations, such as trade unions, in educating and organizing all workers and employees to take part in safeguarding all socialist assets, mapping out business production plans, adopting policies and systems in managing business production, inspecting the quality of products and the operations of all spheres of work, and carrying out production campaigns and movements in practicing thrift.

The enterprise director must coordinate with the trade unions in making sound preparations to hold meetings with workers and employees and must strictly abide by and implement all resolutions adopted at those meetings.

Article 15: Relying on the detailed conditions of each enterprise, the director must cooperate with the trade unions to set up a number of advisory organizations to assist him in managing the enterprises, such as an economic council, a campaign council, a social welfare council, and a discipline council. All members of these councils are designated by the director and the party committee for consultation with the trade unions to approve their appointments.

#### Part V: Organization and Dissolution of Enterprises

Article 16: The ministers and chairman of local administrative committees have the right to set up, integrate, disintegrate, transfer, and dissolve the enterprises under the scope of their management.

A work service which wants to set up an enterprise that does not conform to the nature of work under its responsibility must secure the approval of the minister who deals with that work. For example, if the ministry of agriculture wants to set up an enterprise to produce machines, it must ask for approval from the ministry of industry.

When a host of ministry wants to set up an enterprise at the central level, it must ask for the opinion of the administration of the locality where that enterprise will be constructed. When a local administration wants to set up an enterprise, it must ask for permission from the host ministry.

The document on the setting up of an enterprise must clearly spell out the name and location of the enterprise, an organization to which the enterprise is attached, the duty of the enterprise in carrying out business production, and the date and time when the enterprise will commence production.

Article 17: When an enterprise is running at a loss for a lengthy period of time or when an unfortunate event occurs, the host organization must cooperate with that enterprise in looking for the cause of the loss and seeking appropriate ways to remedy it.

When it is necessary to integrate, disintegrate, transfer, or dissolve an enterprise, the host organization must appoint a council which has the enterprise director and representatives of other organizations and units concerned as members to carry it out. This must be completed within 3 months at the latest from the day an official decision is made to effect the activity.

#### Part VI: Implementation of these Regulations

Article 18: These provisional regulations are applicable to all state enterprises, combined enterprises, federations of enterprises, and companies attached to the central and local levels.

Article 19: Relying on the principles and basic contents of these regulations, all ministries with enterprises under their supervision must create and announce the enforcement of the provisional regulations on industrial enterprises, the transport and postal enterprises, the agricultural enterprises (agricultural settlements), the construction enterprises (construction business), and the trading enterprises (state shops).

Article 20: After these regulations have been implemented for 2 years, all ministries must review their effectiveness and make recommendations for forwarding to the Council of Ministers so that the complete regulations can be implemented.

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CSO: 4206/45

LAOS

# BRIEFS

SRV GROUP LEAVES HOUA PHAN--Vientiane, December 12 (OANA-KPL)--Delegations of the Vietnamese provinces of Thanh Hoa and Son La to the 10th Lao National Day left Houa Phan for home on December 6. While there, the delegations held talks with officials of Houa Phan on their future cooperations. They signed bilateral agreements on cooperation during the 1986-90 period aimed at further enhancing their economic and cultural relations. [Text] [Vientiane KPL in English 0915 GMT 12 Dec 85 BK] /7358

SRV DELEGATION LEAVES--Vientiane, December 9 (KPL)--A delegation of the Vietnamese province of Vinh Phu, a sister province of the Lao Luang Namtha Province, left Luang Namtha on Dec. 3 after attending the celebration of the 10th anniversary of the Lao PDR. During its stay in Luang Namtha, the Vietnamese delegation met with officials of the provincial administrative committee. The two sides reviewed the achievements of their cooperation in the past, and signed an agreement on economic and cultural cooperation between the two provinces for the next 5 years (1986-90). The agreement was signed by Khuan Keomani, secretary of the party committee and chairman of the administrative committee of Luang Namtha, and Le Huu Ngo, secretary of the party committee and chairman of the people's committee of Vinh Phu Province. [Text] [Vientiane KPL in English 0928 GMT 9 Dec 85 BK] /7358

SRV PROVINCIAL DELEGATION ARRIVES--Vientiane, December 5 (KPL)--A delegation from the Vietnamese province of Ha Nam Ninh headed by Ding Gia Huan, member of the provincial party standing committee, chairman of the people's committee of the province, arrived in Oudomsai, the sister province of Ha Nam Ninh, on Nov. 27, to attend the celebration of the 10th founding anniversary of the Lao PDR. [Text] [Vientiane KPL in English 0922 GMT 5 Dec 85 BK] /7358

THAI KING'S BIRTHDAY RECEPTION--On the evening of 5 December, Chaiya Chindawong, ambassador extraordinary and plenipotentiary of the Kingdom of Thailand to Laos, and his wife organized a reception at their residence in Vientiane on the occasion of the 58th birth anniversary of King Phumiphon Adunyadet of the Kingdom of Thailand. Attending the reception were Soulivong Phasithidet, deputy minister of foreign affairs, along with a number of Lao cadres. Members of diplomatic corps and representatives of various international organizations in Laos also attended. [Text] [Vientiane Domestic Service in Lao 1400 GMT 6 Dec 85 BK] /7358

COMMEMORATIVE COINS--Vientiane, December 4 (OANA-KPL)--On the occasion of the 10th anniversary of the founding of the Lao People's Democratic Republic, the state bank and the bank for foreign trade of the Lao PDR put on sale as from today a limited quantity of commemorative silver and nickel coins. The persons interested may enquire about the sale over the counter of the Lao bank for foreign trade, n.1 Pangkham Street (near the Lanexang Hotel), or at the counter of the State Bank at the Vientiane trade fair (Nong Douang village). [Text] [Vientiane KPL in English 0907 GMT 4 Dec 85 BK] /7358

LECTURERS DELEGATION RETURNS--Vientiane, December 8 (KPL)--A Lao delegation of lecturers led by Sileua Bounkham, deputy-director of the higher party school returned here on December 5. The delegation gave a series of lectures on the Lao situation to Phnom Penh public on the occasion of the 10th founding anniversary of the LPDR. The delegation was met at the airport by Son Kham-vonyongsa, deputy-head of the propaganda and training board of the party Central Committee, together with other officials. During its stay in the PRK, the delegation gave lectures on the results of the socialist transformation and construction in Laos in the past ten years in various sectors of the society. It also attended a rally marking the Lao national day in Phnom Penh. [Text] [Vientiane KPL in English 0916 GMT 8 Dec 85 BK] /7358

EXHIBITION IN LUANG PRABANG--Vientiane, December 9 (OANA-KPL)--A photo and artifact exhibition was opened in Luang Prabang Province on December 2nd to mark the celebration of the 10th Lao national day. The opening ceremony was attended by Vongphet Saikfu-Yachongtua, member of the party CC, secretary of the provincial party committee, Bounsavat Chaneng, standing member of the provincial city committee, head of the provincial control commission, together with other party and administrative officials and representatives of mass organisations. Nguyen Dinh Son, secretary of the party committee of Ha Son Binh Province (Vietnam) and head of a delegation of the party and people's committee [of] the province to the celebration of the 10th Lao national day, was present. [Excerpt] [Vientiane KPL in English 0925 GMT 9 Dec 85 BK] /7358

BULGARIAN FRONT MEETING--Vientiane, December 4 (KPL)--Delegations of the Lao Front for National Construction CC and the Bulgarian Fatherland Front CC met here yesterday. The Lao delegation was headed by Bolang Boualapha, member of the party CC, vice-president of the Lao Front for National Construction, and the Bulgarian delegation by Sava Dulbokov, member of the party CC, vice president of the Bulgarian Fatherland Front. The two sides informed each other of the activities of their respective organizations and cooperation between them, and the two peoples. They also reviewed the implementation of the agreement based on the friendship and cooperation treaty signed in Oct. 1979 between General Secretary Kaysone Phomvihane of the LPRP CC and General Secretary Todor Zhivkov of the BCP [Bulgarian Communist Party] CC. [Text] [Vientiane KPL in English 0905 GMT 4 Dec 85 BK] /7358

BULGARIAN SOIREE--Vientiane, December 6 (OANA-KPL)--The Lao Front for National Construction CC organized here on Dec. 4 a get-together in honour of the first vice-president of the Bulgarian Fatherland Front, Sava Dalbokov, on a current visit here. Speaking to the gathering, S. Dalbokov, who is also a member of the Party CC, highly evaluated the achievements obtained by the Lao people

in their national safeguarding and building during the past 10 years. "The Bulgarian people have closely followed the revolutionary struggle waged by the Lao people under the leadership of the Lao People's Revolutionary Party headed by General Secretary Kaysone Phomvihan, and are satisfied with the successes of the Lao people," said S. Dalbokov. S. Dalbokov also spoke of the socialist construction in Bulgaria and the unceasing development of the cooperation and mutual assistance between the two fronts. [Text] [Vientiane KPL in English 0915 GMT 6 Dec 85 BK] /7358

DELEGATION BACK FROM SRV--Vientiane, December 10 (KPL)--A delegation of the Laos-Vietnam Friendship Association led by its vice-president Ounheun Phounsavat returned here yesterday after attending the celebration of the 10th national day of the Lao PDR in Vietnam. While there, the delegation attended a grand-rally marking the 10th Lao national day organized at Ba Dinh square. It also participated in various activities sponsored by the Vietnam-Laos Friendship Association in a "[words indistinct] Vietnamese-Lao solidarity," which started early last month. These activities included meetings, film-screenings, art performances, and sports competitions aimed at strengthening the special solidarity between the two countries. The celebration there was deeply impressive. All participants expressed their satisfaction over the achievements of the Lao people in the past ten years, and pledged to do their utmost to further enhance the existing special alliance between Laos and Vietnam, said the head of the delegation upon his return to Wattai airport. [Text] [Vientiane KPL in English 0938 GMT 10 Dec 85 BK] /7358

WOMEN LECTURERS TO SRV--Vientiane, December 10 (OANA-KPL)--A delegation of the Lao Women's Union [LWU] headed by Phetsamon Lasasimma, member of the party CC, vice president of the LWU, returned here from Prague, on December 7, after attending a conference of the Women's International Democratic Federation [WIDF] and a meeting marking the 40th anniversary of the WIDF. The delegates to the conference discussed the women's contributions to the struggle for peace and disarmament, for national independence and development as well as women's role in the family and in social life, and women in the cities. They also exchanged views on the cooperation of the WIDF members and expressed support to the struggle of nations for national independence and against racial discrimination. The delegation was met on its return at the airport here by Bounleua Lovansai and Khamman, members, of the secretariat of the Lao Women's Union, together with other officials. [Text] [Vientiane KPL in English 0947 GMT 10 Dec 85 BK] /7358

DELEGATION TO ITALY--Vientiane, December 7 (KPL)--Souban Salitthilat, deputy-minister for foreign affairs and his delegation, left here for Italy on November 30 to attend a conference on "South-east Asia from the 1980's to 90's" to be conveyed in Rome from December 2 to 6. [Text] [Vientiane KPL in English 0920 GMT 6 Dec 85 BK]



AGREEMENT WITH SRV PROVINCE--Vientiane, December 10 (KPL)--An agreement on economic and cultural cooperation between the two sister provinces of Savannakhet (Laos) and Binh Tri Thien (Vietnam) was signed in Savannakhet on December 3rd. Signers to the agreement were Boun-gnang Volachit, member of the LPRP CC, secretary of the party committee and mayor of Savannakhet, and Nguyen Van Luong, deputy-secretary of the party committee, chairman of the people's committee of Binh Tri Thien Province. Le Tho, Vietnamese consul-general to Savannakhet, was also present on the occasion. [Text] [Vientiane KPL in English 0941 GMT 10 Dec 85 BK] /7358

ORTEGA GREETES SOUPHANOUVONG--Vientiane, December 14 (KPL)--President Souphanouvong on December 2nd received a telegramme of congratulations from Daniel Ortega, president of Nicaragua and coordinator of the National Council of the Sandinista Front. The telegramme says: "On behalf of the people and government of Nicaragua, and on my own behalf, I would like to convey to you our cordial congratulations on the occasion of the 10th Lao National Day. "The celebration of the founding anniversary of the Lao PDR is a joyful event to the Nicaraguan people who stand for the common principles of freedom and self-determination, particularly when peace in our region is being menaced by the violation of these principles. "We would like to express our thanks to the people and Government of Laos for their solidarity and wholeheartedly wish them happiness and progress." [Text] [Vientiane KPL in English 0907 GMT 14 Dec 85 BK] /7358

ORTEGA GREETES KAYSONE--Vientiane, December 14 (KPL)--On the occasion of the 10th Lao National Day, Kaysone Phomvihan, chairman of the Council of Ministers, received a telegramme of greetings from Daniel Ortega, president of Nicaragua and coordinator of the National Council of the Sandinista Front. The telegramme reads: "On the occasion of the 10th founding anniversary of the Lao PDR, on behalf of the National Front Council of the Sandinista national liberation, the people and government of Nicaragua, and in my own name, I would like to send you my warm fraternal congratulations and thanks for your assistance to and solidarity with the Nicaraguan people in their struggle against aggression. This courageous struggle for freedom and independence is also a symbol of the celebration of this anniversary. Also on this occasion, Phoun Sipaseut, vice-chairman of the Council of Ministers, minister for foreign affairs of the Lao PDR, has received a telegramme of congratulations from the Nicaraguan foreign minister M. Descoto. [Text] [Vientiane KPL in English 0910 GMT 14 Dec 85 BK] /7358

INDIA GREETES LEADERS--Vientiane, December 13 (KPL)--Kaysone Phomvihan, chairman of the Council of Ministers of the Lao PDR, has received a message of greetings from Rajiv Gandhi, prime minister of India, on the occasion of the 10th Lao national day. The message writes: "On behalf of the government and people of India and my own behalf, I have great pleasure in conveying to your excellency, our hearty congratulations and good wishes on the happy occasion of the tenth anniversary celebrations of your republic. "I am confident that the close and friendly relations existing between our two countries will be further strengthened in the years to come. "My best wishes for your personal well-being and for the prosperity of the friendly people of Laos".

On the same occasion, Phoun Sipaseut, vice-chairman of the Council of Ministers, minister for foreign affairs, has also received greetings from Indian minister of external affairs, Bali Ram Bhagat. [Text] [Vientiane KPL in English 0912 GMT 13 Dec 85 BK] /7358

DPRK GREETES LEADERS--Vientiane, December 13 (KPL)--Kaysone Phomvihane, general secretary of the LPRP CC, chairman of the Council of Ministers, and Souphanouvong, president of the Lao PDR and the PSA, recently received a telegramme of greetings from Kim Il-song, general secretary of the Workers' Party of Korea CC, president of the DPRK. The telegramme reads: "On the occasion of the 10th founding anniversary of the Lao PDR, the national holiday of the Lao people, on behalf of the WPK CC, the government of the DPRK, the Korean people and in my own name, I would like to convey to you, and through you, to the LPRP CC, the government of the Lao PDR, and the fraternal Lao people, our warmest congratulations. "The founding of the Lao PDR is the outcome of a glorious, difficult and long struggle of the Lao people, and has since then brought them a new life. "In the past ten years, under the leadership of the LPRP with Kaysone Phomvihane as leader, the Lao people have scored great successes in liquidating the consequences of colonialism, healing the wounds of war, carrying out socialist transformation, and building the technical and material bases of socialism. "The people of Korea are glad to see the successes obtained by the Lao people in their revolutionary struggle and socialist construction. We would like to express our solidarity with the Lao people in their struggle for building a peaceful, independent, united and socialist Laos. "On this occasion, we believe that the close relations of friendship and cooperation between our two parties, states and peoples in the common struggle for independence and against imperialism will be further strengthened and developed. We wish you and the Lao people new successes in implementing the resolutions of the third congress of the LPRP. [Text] [Vientiane KPL in English 0904 GMT 13 Dec 85 BK] /7358

SISOPHON VISITS BOLIKHAMSAI--Vientiane, December 16 (OANA-KPL)--Sisomphon Lovansai, Politburo member of the LPRP CC, vice-chairman of the PSA, on December 12, visited Bolikhamsai Province where he addressed a four-day congress of Bolikhamsai District's party committee, which was opened on December 9. On behalf of the party Central Committee, the vice-chairman expressed his warm congratulations to all delegates to the congress. He highly appraised the multiple achievements obtained by the people of Bolikhamsai Province in the past ten years of national defence and socialist construction. Sisomphon Lovansai also spoke of the tasks to be carried out in the second five-year plan of economic development (1986-90). He urged all cadres and party members to heighten their sense of responsibility and actively contribute to the national economic development. [Text] [Vientiane KPL in English 0907 GMT 16 Dec 85 BK] /7358

SOPHANOUVONG MEETS LFNC--Vientiane, December 17 (KPL)--Souphanouvong, president of the Lao PDR, the LFNC and the PSA, on December 14, addressed a conference to review the work of the Lao Front for National Construction [LFNC] in Vientiane. He expressed his wholehearted congratulations on the successes obtained by the front's cadres and organizations in the past 10 years,

describing these as an important contribution to the cause of national defence and socialist construction in Laos. He also spoke of the world situation, especially the situation in the region which, though tense and complicated, is turning in favour of the revolutionary movement. He called on all the front's cadres to do their best to fulfill their duty in the future. Also present at the meeting were Boualang Boualapha, vice-president of the LFNC CC, and members of the front CC and the Vientiane chapter of the front. [Text] [Vientiane KPL in English 0901 GMT 17 Dec 85 BK] /7358

CSO: 4200/415

MALAYSIA

MALAYSIA LIFTS BAN ON POLITICAL GATHERINGS

HK171105 Hong Kong AFP in English 1044 GMT 17 Dec 85

[Text] Kuala Lumpur, 17 Dec (AFP)--The Malaysian Government today lifted a ban on political gatherings in six states, imposed after clashes between Moslem fundamentalists and police left 18 people dead last month.

Deputy Prime Minister Musa Hitam said the government decided to lift the ban because it felt that the security situation in the six states had improved since the 19 November incident in Prime Minister Mahathir Mohamad's home state of Kedah.

Followers of a Moslem religious teacher had attacked police with bamboo spears, poison arrows, lire bombs, molotov cocktails, axes, choppers and shotguns.

Besides Kedah, the ban had covered the predominantly Malay Moslem states of Kelantan, Perlis, Trengganu, Penang and Northern Perak, all in peninsular Malaysia.

These are areas where the fundamentalist Parti Islam Sa-Malaysia or PAS, which is committed to the establishment of an Islamic state, is actively campaigning for mass support.

Mr. Musa said that those intending to hold political gatherings should exercise caution and ensure that their speeches did not inflame sentiment.

He said an 11-hour curfew would remain in force in Kedah's Baling District, 432 kilometers (270 miles) north of here where the clashes occurred when police moved in to arrest Ibrahim Mahmood, a self-styled religious teacher, who once studied in Libya.

The government has described Mr. Ibrahim, who contested the 1978 general election on a PAS ticket, as a criminal wanted by police for possession of offensive weapons, intimidation and other offences.

Dr. Mahathir said over the weekend that the villagers who attacked the police had been led astray by Mr. Ibrahim who he claimed had told his followers that the police and government were "infidel."

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CSO: 4200/402

MALAYSIA

MUSA HITAM ON LIFTING OF BAN ON POLITICAL GATHERINGS

BK171329 Kuala Lumpur Domestic Service in English 1130 GMT 17 Dec 85

[Text] The government today lifted the ban on ceramahs [religious lectures] in the six states in the east coast and northern peninsular Malaysia. The Deputy Prime Minister, Datuk Musa Hitam [words indistinct] announcement, said the lifting of the ban was made under an assessment of the situation in the states concerned which had improved slightly. The ban was imposed in Kelantan, Terengganu, Kedah, Perlis, and Perak on the 20th of last month and in Pulau Pinang, two days later after the recent Baling incident in which 18 people, including 2 policemen were killed. Datuk Musa reminded those intending to hold ceramahs, especially political parties, to act responsibly and to be careful of the implications of their speeches. This is important in view of many rumors spread by certain quarters following the incident.

On the curfew in Baling, Datuk Musa said he left it to the local authorities whether to lift it. The curfew is now imposed from 6 p.m. to 5 a.m. Datuk Musa also said the government is investigating the spreading of rumors by certain quarters. He said the finding of the investigation would be made known through the specific government channels [words indistinct].

Datuk Musa, who visited police field force personnel deployed in the Baling incident at the Police Forest Force camp in Sungai Petani, Kedah, conveyed appreciation to them for carrying out their tasks to calm the situation.

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CSO: 4200/402

MALAYSIA

KUALA LUMPUR REPORTS TIN PRODUCERS PROPOSAL FOR TALKS

BK190927 Kuala Lumpur International Service in English 0800 GMT 19 Dec 85

[Text] Tin-producing countries have proposed that the International Tin Council--ITC--open talks with bankers and brokers who have offered refinancing to end the world's tin crisis. The ITC deputy chairman Datuk (Peter Nair) said the conditional proposal emerged from a resumed emergency session of the ITC in London. Datuk (Nair) said he is trying to set up a small group of producers and consumers who might tailor a refinancing package that could find consensus support from the ITC. The producers propose talks with the banks on condition that such a proposal is not construed as an admission of their [word indistinct] liability by their governments.

Correspondents say the ITC meeting resume amidst bleak hopes of a settlement. Banking sources said optimism about a possible deal had been upset by the failure of European Community ministers meeting in Brussels yesterday to agree on a joint stand for today's talks aimed at ending the 8-week deadlock between the ITC and its creditors.

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CSO: 4200/424

MALAYSIA

BRIEFS

FINANCE LOAN SCANDAL REPORT--Datuk Sri D. Mahathir Mohamed says the government has the prerogative to decide whether to make public the final report of the committee of inquiry on the 2,500-million ringgit Bumiputera Malaysia Finance [BMF] loan issue. The prime minister explained that the government being the major shareholder of Bank Bumiputera Malaysia Berhad--the parent company of BMF--has directed it to look into the matter. As such, the government will have a say also to make a decision whether the report should be made public. Speaking to newsmen in Kuala Lumpur, Datuk Sri Dr. Mahathir emphasized that the government just did not [words indistinct] responsibility. On his audience with his majesty the Yang Di-pertuan Agong [paramount ruler] on Saturday, the prime minister said he was reporting about the Kampung Memali incident. He dismissed speculations that he was seeking the assent of the Yang Di-pertuan Agong to dissolve Parliament. He briefed and showed his majesty a video-tape recording of the incident. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 16 Dec 85 BK] /9738

CANCELLATION OF PEACE MEETING--The peace committee set up by the Organization of Islamic Conference to help bring about an end to the Iran-Iraq conflict will not meet next week in Jeddah, Saudi Arabia, as scheduled. Datuk Sri Dr. Mahathir Mohamed, a member of the committee, told reporters in Kuala Lumpur that the meeting has to be postponed due to the many conditions forwarded by the conflicting parties. The prime minister was supposed to have left for Jeddah today. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 14 Dec 85 BK] /9738

FORMER UN AMBASSADOR DIES--Kuala Lumpur, 15 Dec (AFP)--Former Governor of Penang and cabinet minister Sardon Jubir died at the general hospital here last night after a long illness. He was 69. He leaves a wife, three sons and an adopted daughter. BERNAMA NEWS AGENCY said Mr. Sardon was admitted to the hospital for a heart ailment one and a half months ago. Mr. Sardon, who was the state governor from 1975 to early 1982, will be buried tomorrow. He had been involved in Malaysian politics since 1945 and was one of the founder members of the Malay Nationalist Party in Ipoh, Perak State. After the first general election in 1955, he was appointed minister of works in the cabinet of Prime Minister Tanju Abdul Rahman. He was

appointed minister of transport in 1959 and held that post for 10 years. Following his retirement from the cabinet he was appointed Malaysian ambassador to the United Nations, after which he returned to take up the appointment as the governor. [Text] [Hong Kong AFP in English 0309 GMT 15 Dec 85 HK] /9738

CSO: 4200/402



NEW ZEALAND

WELLINGTON PUBLISHES DISCUSSION PAPER ON DEFENSE OPTIONS

HK200912 Hong Kong AFP in English 0853 GMT 20 Dec 85

[Text] Wellington, 20 Dec (AFP)--The New Zealand Government today launched a major review of the country's defense and security policies with the publication of a public discussion paper on the available options.

But the Labor Government made it clear that a "key element" of its policy would continue to be its requirement that New Zealand be free of nuclear weapons and not participate in any nuclear strategy for its defense.

Prime Minister David Lange said that the 20-page discussion paper did not represent government policy. But he said that it would stimulate public debate on the range of options and alternatives open to New Zealand.

The armed forces have already carried out a full review of defense requirements, but its implementation has been delayed while the government canvasses public opinion about what type of defence policies are appropriate.

A four-member defense review committee is to assemble public submissions, hold public hearings and carry out public opinion polls and report by June.

The discussion paper said that a key element of the revised defense policy would be greater self-reliance to provide stability in the South Pacific.

Among the key issues that the paper identifies are the level of forces needed to uphold the national interest, the part New Zealand should play in international peace-keeping and collective security and how much should be spent on defense.

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CSO: 4200/425

NEW ZEALAND

LANGE DENIES SHORT-TERM TROOP WITHDRAWAL FROM SINGAPORE

HK210442 Hong Kong AFP in English 0352 GMT 21 Dec 85

[Text] Wellington, Dec 21 (AFP)--There is to be "no rapid unilateral withdrawal from Singapore" of New Zealand troops stationed there, New Zealand Prime Minister David Lange said today.

Mr Lange told journalists: "In the short term there cannot be a withdrawal from there in a way which is a bad signal and which is not welcomed or understood by the Singapore Government or other governments in the region."

A government defense discussion paper has suggested that withdrawal should be considered. The public discussion paper, aimed at sparking debate on defense issues, asked whether "the expensive deployment" of the battalion was justified. There is a "regional significance" to New Zealand troops being stationed on the island "which is understood by nations in the region," Mr Lange said. "It is an identification not just of New Zealand, but of other Western countries to the security of Singapore and the surrounding countries."

He admitted that some New Zealanders supported withdrawing the troops and that his own Labour Party annual conference last year had called for withdrawal. Mr Lange said that another "point of favour" for retaining the battalion in Singapore was that there was no barracks for them in New Zealand.

Australia, Britain, Malaysia, New Zealand and Singapore are allied under the five-power defense arrangement.

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CSO: 4200/443

NEW ZEALAND

GOVERNMENT NUCLEAR STAND 'WELCOMED' BY CUBA

HK170251 Wellington THE EVENING POST in English 7 Dec 85 p 1

[Article by Richard Neville]

[Text] The Labour Government's nuclear policies have been well-received in Cuba, which is interested in an expanded relationship with New Zealand.

The Castro government has followed Labour policy moves and not surprisingly, supports the New Zealand position on the Anzus dispute with the United States.

A number of Cuban Government officials I met knew the name of the Prime Minister and film of Mr Lange speaking at the Commonwealth heads of Government meeting in Nassau was shown on Cuban TV. Being obsessed with the U.S., which they commonly describe as "the enemy," they derive satisfaction from a small American ally tweaking Uncle Sam's nose.

Cuba would like to extend contact with New Zealand and Australia, and in September this year a delegation led by a Cuban deputy foreign minister visited both countries.

In Australia, the delegation suggested an upgrading of the present Consulate-General office in Sydney to full embassy status in Canberra. But this submission has subsequently been declined by the Hawke Government.

The delegation was the first official mission to New Zealand by Cuba, yet it was kept low-key and unpublicised by the Ministry of Foreign Affairs, in Wellington. The Cubans arrived in Wellington the same week the Deputy Prime Minister, Mr Palmer, was in Washington discussing Anzus difficulties with the U.S. Secretary of State, George Shultz. It is understood the Government was anxious not to give the Americans more reason to take offence.

The Cuban delegation comprised a deputy foreign minister, Giraldo Mazola; head of the Cuban Foreign Ministry's Asia/Oceania division in Havana Miss Zoila Rosales; the Australian Consul-General, Mr Luis Gomez; and an interpreter.

Mr Mazola is one of five deputy foreign ministers, with special responsibility for Africa, the Middle East, Asia and Oceania.

In interviews with Mr Mazola and Miss Rosales, the Cubans welcomed the New Zealand nuclear stand. The intention to create a South Pacific nuclear-free zone was "positive," said Mr Mazola, and a step towards reducing the nuclear build-up and global tensions.

Commenting on New Zealand's tougher stand on South Africa, he said: "The front-line states regard your policy as positive and so do we."

Miss Rosales said the U.S. tried to force small countries into submission. President Reagan was aggressive and Cuba was on a constant state of alert in case the Americans attacked.

Asked why their visit to New Zealand in September had been kept quiet, Mr Mazola said the host government had preferred no publicity. While the visit was not secret the Cubans had agreed not to speak publicly.

When I asked him if this was because New Zealand was having problems with the U.S. he nodded.

While in Wellington the Cubans attended meetings and lunches with the Secretary of Foreign Affairs, Mr Merwyn Norrish, the Assistant Secretary of Foreign Affairs, Mr David McDowell, the deputy secretary of Trade and Industry, Mr Ted Woodfield, and the Prime Minister's special adviser on Africa, Mr Chris Laidlaw. There were no meetings with Cabinet Ministers.

Mr Mazola said the visit was on the Cubans' initiative. They would like to upgrade representation in Australia and felt it worth-while to travel on to New Zealand. Cuba would like diplomatic relations with New Zealand, by having an ambassador in Australia accredited to Wellington.

Asked how he viewed the Australian decision, Mr Mazola said both countries had agreed to consider the matter further.

"I think it will be possible at a future occasion."

He said Cuba had diplomatic relations with more than 120 countries and embassies in 87, including countries with different social systems.

The deputy minister said Cuba would like to extend trade with the region. Cuban products of interest to New Zealand included rum, cigars, and textiles, and New Zealand's agricultural equipment and expertise could have possibilities in Cuba.

At present, bilateral trade is limited. New Zealand exports, mainly dairy products, totalled \$19.7 million in the June 1985 year. Imports from Cuba, mainly sugar, totalled \$17 million in the 1983-84 year, the most recent for which import figures are available.

Other than trade, the main point of contact between the two countries through the New Zealand-Cuba friendship society, and through visits by trade unionists and young people on "working brigades."

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CSO: 4200/413

NEW ZEALAND

DEPUTY PRIME MINISTER INTERVIEWED ON NUCLEAR ROW

HK180209 Wellington THE EVENING POST in English 10 Dec 85 p 4

[Article by Chief Political Reporter Tony Garnier: "Security Alarm Prompts Change"]

[Text] In Australia last week, deputy Prime Minister Geoffrey Palmer gave the most detailed outline yet of the changes that have been made to the proposed anti-nuclear legislation since he visited Washington with an earlier draft in September.

He confirmed that a single major change had been made to meet United States uneasiness about information in reports on warship armaments falling into the wrong hands.

The earlier draft detailed consultations and reports the Prime Minister would have in deciding whether a warship under consideration for a port visit was or was not nuclear-armed.

Mr Palmer said the provisions for consultations and reports had been deleted to meet Washington's objections.

Mr Palmer's disclosure of Washington's opposition to the consultative provisions confirmed what has long been suspected as a major sticking point in the Anzus-nuclear impasse. The U.S. administration, as well as top state and Pentagon officials, are fearful that New Zealand officials, MPs and others might wittingly or unwittingly disclose highly classified and sensitive data to the "enemy."

The very idea that reports on U.S. warship armaments might be scrutinised by parliamentary committees and be subject to release under the official information act has obviously been as unnerving to Washington as has its opposition in principle to an Anzus ally legislating ground rules for visits by allied warships and aircraft.

So I asked the chairman of Parliament's foreign affairs and Defence Select Committee, Ms Helen Clark, for her response to suggestions that U.S. officials believed sensitive armament's data might not be secure here.

Ms Clark is among the more influential left-wing members of the Labour Caucus and a strong advocate of the new foreign policy. The interview, before Ms Clark's Australian call, followed a visit by her to the U.S. and was aimed at seeking her assessment of what impact New Zealand's anti-nuke stand is having in America.

In the row with the United States on nuclear ships, New Zealand has deliberately moved to qualify its alignment, says the chairman of Parliament's foreign affairs and defence select committee, Ms Helen Clark.

"In a speech in New York (recently), I used the phrase 'semi-ally.'

"Well, that is what we now are, a semi-ally of the United States," she said.

Despite the New Zealand initiative, however, she believed that the United States would not pull out of the Anzus alliance.

Domestically, it would not be accepted in the United States. Such an action would be regarded as a crude way to break an alliance with a long-time friend like New Zealand, she said.

Ms Clark believes the September visit to Washington by Deputy Prime Minister Geoff Palmer "cleared the air." Americans now knew exactly what New Zealand was talking about in making its antinuclear stand, she believed.

It was her impression that the American Embassy in Wellington had "fed the line" back to Washington that what New Zealand was doing was a result of pressure on the Cabinet by the Labour Party's left wing.

However, she said that following Mr Palmer's visit "I don't think there would be any doubt in Washington's mind now that that represents a total misreading of the situation."

The Americans now knew that if there was no issue above all else that the Labour Party was united on, it was the antinuclear policy.

"They would also be less than intelligent if they failed to observe that whether foreign policy is in the headlines, the Labour Government does well. In other words, it is a popular issue at home (in NZ).

"You cannot convincingly paint it (the anti-nuclear stand) in any way as a left wing initiative which doesn't have popular support, and I think they realise that," said Ms Clark.

Question: How, then do you respond to claims that the left wing managed a trade-off a strong anti-nuclear stand against concessions not to reject the free-market economic strategy?

Ms Clark: "I don't think there has ever been a conscious trade-off, but it is no secret that in the Labour movement there is a lot of discontent with the economic policy.

"But there is also a view that the foreign policy is of such overwhelming importance, that even if there was only that initiative going for the Government, New Zealanders would want Labour to be reelected.

"However, there is also a lot else going as well, but it (the foreign policy) has assumed quite a momentum as something people want to retain."

Ms Clark agreed with the interpretation that when Mr Palmer went to the United States, there was some hope of resolving the issue on the basis of the long-term "trust" the two countries have had for each other.

However, the breakthrough hadn't happened, since when Mr Lange had delivered his Christchurch speech raising the possibility of New Zealand outside Anzus.

Question: During your U.S. visit, did you gain any feedback on how they reacted to Mr Lange's Anzus statements?

Ms Clark: "The feeling I picked up is that they will not pull out of Anzus. They won't pull out for the reason that they still think it is possible there will be a change of government, and that nuclear ship visits could be started again.

"However, if they are reading the polls at the moment, then I think they will come to the conclusion that they might have to work with Labour for quite a time to come.

"I don't think there will be any precipitate action or withdrawal. They are just going to wait and see how things work out."

Question: Because you are a left-wing member of the Government and senior through chairing the foreign affairs select committee, how do you respond to suggestions that the U.S. may not have been able to accept the "trust" concept because its officials believe sensitive information might not be secure here?

Ms Clark: "I don't think I have ever assumed that importance to them. While I haven't heard specific stories, I think it would be highly unlikely that they would be comfortable with my position because I would be one of the main articulators of the policy.

"But I haven't heard any specific allegation that I am the thorn in the whole thing. I think that would be elevating myself to a too far a prominent position anyway."

Ms Clark said she saw no evidence that anything New Zealand had done had directly affected the nuclear policies of any other country, "but it had had its effects."

"It has been a bright light in an otherwise bleak time for anti-nuclear activists in Western Europe and the United States; particularly as Belgium has backed down on the deployment of missiles and the Dutch have just done so.

"I wouldn't expect any country to say they were going to have a port access ban because New Zealand had done it, but it raises in the minds of other small countries ideas of how they might act."

She said that in New York she had learned from Scandinavian MPs that those countries were exploring ways to extend their own anti-nuclear stance to include "wartime" situations, a move which would have great significance for NATO.

That is, other countries were looking at the anti-nuclear issue from a different direction, but in a way which could have just as big an impact as what New Zealand had done.

Question: Why has New Zealand come out so strongly as anti-nuclear when other countries haven't?

Ms Clark: "In many Western countries when there is a change of government there isn't a change of foreign policy. But in New Zealand I think the consensus on foreign policy broke down over the Vietnam war and has never come together again.

"So when the Government changed, so did foreign policy, but it was unexpected outside New Zealand and made a bigger impact because the new Government actually implemented what it promised to do..."

Question: Why did this Government hold to its policy, when elsewhere--Australia, for example--they haven't?

Ms Clark: "The easy answer is that over nearly 20 years, the Labour Party has helped lead public opinion on this issue, and you can't say that about the Australian Labour Party.

"New Zealand has been out front on this issue since the time (the late Norman) Kirk picked up on French nuclear testing... it has become popular within the Labour Party."

Ms Clark said it was absolutely the case that the continuing French testing in the Pacific had helped build public opinion in New Zealand against the pro-nuclear viewpoint.

"Their continued testing has helped make nuclear issues [words indistinct] for all New Zealanders, because in all logic you can't sit here and protest about French nuclear testing and at the same time turn a blind eye to American and Soviet nuclear weapons being deployed in the region.

"The French action has triggered a public reaction which has had far-reaching ramifications."

Question: Why has Mr Lange stuck with the policy, when Australian PM Mr Hawke has appeared not to? Is it simply the case that the party's Left wingers here have more influence?



And could you comment on the view of Mr Lange that he is a conservative in the Labour hierarchy and keen to preserve the American friendship even if it meant sacrificing the anti-nuclear stand?

Ms Clark: "It is not just pragmatic politics. For one, maintaining the policy has become a matter of integrity of the Government, it has stuck with what it said it was going to do.

"Second, I think David Lange has had a very long-term commitment on the nuclear weapons issue. It goes back a long way.

"Geoff Palmer is someone who has put a great deal of store in his public reputation for being straight and sticking by Labour policies and interpreting them to the letter.

"If there had been a will (among the Cabinet) to back off, they would have found a way, but they have not shown that intent."

Question: Some people have tried to argue that they regard Messrs Lange and Palmer as pragmatists whereas they regard yourself as an ideologue. How do you interpret that sort of talk in the context of why New Zealand is sticking to its policy?

Ms Clark: "If you took this interpretation seriously, you would have to say there are an awful lot of ideologues out there.

"I think it is a matter of principle, personally, (Messrs) Lange and Palmer are not the pragmatists they have been cast as. A pragmatist might have backed off a long time ago, and even said that it was easier not to have the policy, and certainly would not have continued to promote the anti-nuclear legislation.

"With legislation seeming to be the straw that is breaking the camel's back with the Americans, a 'pragmatic' leadership would never have permitted the policy to be legislated.

"In a way, by legislating, the purity of the New Zealand position is maintained; it is a legislative action of the whole country and not just an executive decision of an elected Government.

Question: Why, then, is the United States (seemingly) going into a wobble over the prospect of anti-nuclear legislation?

Ms Clark: "It is supreme irony that the greatest democracy on earth wants to deny New Zealand the right to legislate our policy. They really ought to reflect on that.

"Second, they see the issue going into legislation as setting it more in concrete and removing for all time, if not at least might force modifications of the policy. Legislation represents a final step in implementing the policy, and they would much prefer that the final step not be taken."

Ms Clark said that her overall reading of the state of play was that "for all the hot air, there is not going to be a total breach (with the U.S.)."

"But as I have already said, there is no doubt that we have quite consciously moved to qualify our alignment."

As she said in a New York speech, New Zealand had become a "semi-ally" of the United States.

It was suggested to her in the U.S. that the U.S. Administration would not want to take the steps which forced New Zealand to become non-aligned because, domestically, it would not be in its interests; it would be seen as a crude move against a long-time friend.

She described as a nonsense claims that by becoming neutral or a semi-ally, New Zealand was really moving closer to the Communist camp.

"What I have said when talking to people in the U.S. is that there is just no way anyone could convincingly paint the actions of the New Zealand Government as a change of alignment from West to East.

"I have stressed that the Soviet Union has no influence in this part of the world, and is not going to have any. It is not the issue."

What the real issue was, she said, was how a small Western country can say "enough is enough" and how it responds, and is allowed to respond, when it draws the conclusion that the nuclear weapons of its allies are as dangerous as those of its enemies. "That is the issue."

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CSO: 4200/413

NEW ZEALAND

LANGE ELABORATES ON ANTINUCLEAR LAW

HK170249 Wellington THE EVENING POST in English 11 Dec 85 p 5

[Article by Political reporter Debra Sturm]

[Text] The government's anti-nuclear legislation embodied a "trust the law" rather than a "trust me" policy when it came to ship visits, the Prime Minister, Mr Lange, said yesterday.

While the principal responsibility for the decision would rest with him, he would have the benefit of advice from the Public Advisory Committee on Arms Control and Disarmament, he said.

Mr Lange released a question-and-answer sheet on the New Zealand Nuclear Free Zone Disarmament and Arms Control Bill, soon after introducing the Bill to Parliament.

He answered in it on the objectives of the legislation, and its effects.

On how the Government would decide whether or not a ship was nuclear armed, Mr Lange said he could not comment on intelligence matters.

However....

"However, it is common knowledge that there are procedures which can be followed that do not involve equipment which will enable an intelligent assessment to be made of whether or not a ship is nuclear armed," he said.

Q: Will the legislation mean the end of Anzus?

A: The terms of the Anzus Treaty state the only way to end membership of Anzus is to give a year's notice. The Government has no intention of giving notice of withdrawal, and will continue to meet its Anzus obligations through non-nuclear means.

Mr Lange's speech in Parliament interrupted several times by interjections from the Opposition benches, detailed the contents of the 24-clause bill.

Interjections were particularly loud during his explanation of clauses 9 to 11, which deal with the prohibition of foreign warships carrying nuclear weapons, nuclear-armed aircraft, and nuclear-powered ships.

A usually confident speaker, Mr Lange looked nervous before his speech, moving around the chamber and fidgeting with his papers. During his speech he stopped on several occasions to reply to Opposition interjections.

This led to further comments from those benches of "get on with your speech."

He detailed provisions in clause 9 which gave the Prime Minister the final say as to whether a warship could enter New Zealand's internal waters. This would be if he was satisfied the warship was not carrying a nuclear explosive device.

The Bill did not contain specific sanction for a breach of the provisions of that clause. "May I emphasise that I am open to argument on that point," he said.

Mr Lange said the Bill consolidated measures New Zealand governments had pursued over many years to enhance the process of disarmament and arms control.

"It fulfills New Zealand's obligations under the South Pacific Nuclear Free Zone Treaty, and so reflects the intention of the signatories to the treaty that the destabilising elements of nuclear confrontation not be allowed to intrude into this region.

"The Bill excludes nuclear weapons for New Zealand to the greatest extent of the Government's legal capacity to exclude them," said Mr Lange.

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CSO: 4200/413

NEW ZEALAND

NUCLEAR SHIP BAN 'APPLIES STRICTLY ONLY TO PORTS'

HK170243 Wellington THE EVENING POST in English 11 Dec 85 p 5

[Article by Political Reporter Tim Grafton]

[Text] There is nothing to prevent nuclear-powered vessels carrying nuclear weapons from sailing through Cook Strait under nuclear-free legislation introduced into Parliament yesterday.

Further, aircraft armed with nuclear weapons could fly over the country without committing an offence.

In fact, while the legislation makes the Prime Minister the final arbiter on the entry of nuclear weaponry into New Zealand, his decision only applies to vessels entering internal waters or aircraft landing.

This means a foreign warship, which could be nuclear-propelled or armed, could pass within the territorial waters, measured as 12 miles off the coast. Or a vessel could anchor off the seaward side of an offshore island, as this would be outside internal waters.

In other words, the ban on ship visits applies strictly only to ports.

While the Prime Minister has the final say on the entry of nuclear weaponry into internal waters, he will be advised by a special seven-member committee.

Headed by a Minister for Disarmament and Arms Control, who will be appointed soon, the committee will also publish reports on how the Act is being implemented.

Apart from the minister, the committee will comprise the Secretary of Foreign Affairs, the Secretary of Defence and four others appointed by the Minister of Foreign Affairs. At present, the Minister of Foreign Affairs is the Prime Minister, Mr Lange.

Their advice on the entry of ships will not apply to ships or aircraft in distress. Nor will it apply to any ship exercising its right of passage through New Zealand's territorial waters or straits in accordance with international law.

However, the Bill does prohibit biological weapons from the New Zealand nuclear-free zone, which includes both territorial and internal waters.

On the nuclear question though, the Bill provides for up to 10 years' jail for only New Zealand citizens or residents who within the zone:

--Manufacture, acquire, or possess, or have control over, any nuclear device.

--Aid, assist, or abet any person to manufacture, acquire, possess, or have control over any nuclear explosive.

Those provisions also apply to any servant or agent of the Crown beyond the New Zealand nuclear-free zone.

But if any prosecutions do result from offences against the legislation, they will arise only after consent has been given by the Attorney General. That position is held by the Deputy Prime Minister, Mr Palmer.

In making his decision on whether to allow foreign warships into internal waters or for aircraft to land, the Prime Minister may have regard to all relevant information including "advice concerning the strategic and security interests of New Zealand." Approval, though, may only be given if he is satisfied no nuclear weapons are being brought in.

One clause amends the marine pollution act, making it an offence carrying a fine of up to \$100,000 to dump radioactive waste within New Zealand waters.

The Bill also implements in New Zealand the following treaties:

--The South Pacific Nuclear Free Zone Treaty of August 6, 1985.

--The Treaty Banning Nuclear Weapon Tests in the Atmosphere, Outer Space and Under Water of August 5, 1963.

--The Treaty on the Non-Proliferation of Nuclear Weapons of July 1, 1968.

--The Treaty on the Non-Profliferation of the Emplacement of Nuclear Weapons of Mass Destruction on the Seabed and the Seafloor and in the Subsoil Thereof of February 11, 1971.

--The convention on the Prohibition of the Development Production and Stock-piling of Biological and Toxin Weapons and on their Destruction of April 10, 1972.

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CSO: 4200/413

NEW ZEALAND

WELLINGTON PAPER'S CONCERN OVER ANTINUCLEAR BILL

HK180215 Wellington THE EVENING POST in English 14 Dec 85 p 6

[Editorial: "Beyond the Fine Print"]

[Text] Seeing the government's anti-nuclear policy spelt out in a bill does nothing to remove earlier concerns about the effect of that policy.

This country is not the only factor when the New Zealand Nuclear Free Zone, disarmament, and Arms Control Bill is debated and enacted.

Turning public fear and loathing of nuclear war into action and law has effects which are not controllable from Wellington.

For instance, one such effect is to shatter New Zealand's traditional reliance upon collective defence and to leave us without a viable alternative.

It changes our relationships with our strongest allies, Australia, the United States of America and the United Kingdom, in ways disadvantageous to this country.

It is seen as withdrawal from the Western alliance, even if our Government hotly denies any such withdrawal.

It denies our Government and advisers a comprehensive regular flow of intelligence information which extended far beyond matters of security and defence.

It denies our defence personnel important training and joint exercises with the United States of America.

The future of American bases in the Pacific and elsewhere is made less secure in that host governments will come under internal pressure to emulate New Zealand's ban on nuclear weapons and nuclear propulsion. Even the possibility of that will force American reassessment of its defence role and strategy.

The Prime Minister and the Government say certain things about the Bill while others take an opposite point of view. For instance, the Prime Minister says that the Bill enforces and enhances New Zealand's international obligations,

including those under Anzus. America, as the major partner in Anzus, disagrees. The American government maintains that port calls by its Navy are necessary if America is to be able to fulfill its own obligations.

America says New Zealand is not pulling its weight as a treaty partner if it persists in its present policy.

When New Zealand decided to reject the USS Buchanan it also decided, in effect, that the basic operational elements of the Anzus treaty would not apply to it, the American Secretary of State, Mr Shultz, has said.

"In a sense, New Zealand walked off the job--the job of working with each other to defend our common security," Mr Shultz said. Does that sound like enhancement of New Zealand's obligations? Of course not.

The bill is mysterious about what will help the Prime Minister to decide that a foreign warship is or is not carrying nuclear weapons. Foreign governments are hardly likely to give him the chance to embarrass them by refusing entry or by telling the world that a particular ship is not nuclear armed.

That there is a strong public feeling in New Zealand against nuclear weapons cannot be denied. But to claim that is a mandate for bringing about all the effects stemming from the Government's anti-nuclear policy is not believable.

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CSO: 4200/413



NEW ZEALAND

FINANCE MINISTER UNVEILS FARMING RESTRUCTURE PACKAGE

HK120721 Hong Kong AFP in English 0708 GMT 12 Dec 85

[Text] Wellington, Dec 12 (AFP)--An economic package to help New Zealand farming adjust to reduced incomes and lower farm prices, and to speed up the restructuring of tariff and import policies was unveiled in parliament today.

Finance Minister Roger Douglas said the package was aimed at "putting farming on a profitable basis over the medium term."

"It will also help people who wish to exit (from farm properties) to exit with a degree of dignity," Mr Douglas said in a statement.

The measures in the package include: Lifting restrictions on the sale of farmland to foreign buyers, lifting the rules controlling farmland aggregation, removing the capital gains tax on the sale of farm assets, restructuring tax writeoffs on farm stock and stock revaluation, cutting to zero tariffs on non-New Zealand goods and restructuring state trading corporations to make them more efficient.

Mr Douglas said the package was to allow the farm adjustment process to continue during a period when the government expected unemployment to rise and there would be "lower levels of output."

He said growth would come from lower inflation, lower interest rates and productivity improvements.

The next nine months would be difficult for farmers, he added, but present policies along with the newly announced structural changes would reduce price impacts on farming.

This package would "either help farmers restructure debts or leave their farms with some equity," he said.

In some cases "it would be better for farmers to sell rather than continue to struggle with hopelessly large debt burdens."

The package did not give any direct handouts to the farm sector, a traditional mainstay of the New Zealand economy, and the government was "seeking more competitive structures throughout that economy," the minister said.

The restructuring of state trading enterprises would allow them to compete and cut back the costs of their inefficiencies in the economy.

Mr Douglas warned that "the entire agricultural industry must become more efficient."

The government was also determined to remove all subsidies from the economy "which cause higher costs for farmers and other producers."

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NEW ZEALAND

ENERGY PROJECTS EXPECTED TO INCUR LARGE LOSSES

HK260042 Hong Kong AFP in English 0015 GMT 26 Dec 85

[Text] Wellington, Dec 26 (AFP)--New Zealand's so-called "think big" energy projects, initiated by the government of Sir Robert Muldoon five years ago, will lose more than 600 million U.S. dollars for the country over the next decade, according to a treasury report just published.

The controversial risk-venture program of energy investments was originally supported by the treasury in a series of analyses predicting earnings of 495 million. The projects were an attempt by the Muldoon government to provide growth, earn foreign exchange and gain greater energy self-sufficiency for the New Zealand economy.

But the treasury's latest report said that only one of the "think big" projects "will ever" provide the taxpayer with a return. Treasury Secretary Bernie Galvin has said original reports of the cost-benefits from the projects were "particularly optimistic." The report says of the major projects--all originally supported by Treasury, the Prime Minister's Department and the Department of Trade and Industry:

-- The country's first ammonia-urea fertilizer plant was to have "broken even" when approved, but now is expected to lose 20 million dollars over the decade.

-- The methanol project will remain the only profit-maker, but will make only 7 million rather than the 75 million initially projected.

-- The New Zealand steel expansion project was expected to lose 6 million, but now will chalk up a 240 million loss.

-- The Marsden Point refinery expansion, projected to earn 350 million, will now lose 160 million.

However, the report said, "given the amount already committed to the projects, it appears economic to continue with their construction." It said the risk from the projects was clear as soon as the private sector refused to undertake them without the guarantee of government underwriting of their return.

The "think-big" programs are credited with allowing the Muldoon National Party government to retain power with a slim one-vote majority in the 1981 general election. It lost power in the June 1984 snap election after one of its MP's threatened to support the then-labour opposition anti-nuclear policies.

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CSO: 4200/443

NEW ZEALAND

BRIEFS

COMPENSATION FROM FRANCE--Wellington, Dec 12 (AFP)--New Zealand is seeking up to 10 million U.S. dollars from France in compensation for the bombing of the Greenpeace ship Rainbow Warrior in Auckland harbour, Prime Minister David Lange said today. Mr Lange said the figure included the direct costs of the police investigation, the costs of court cases against two jailed French secret service officers and what he called "general and exemplary damages." It was a credible figure by international standards, he said. Negotiations by teams of officials from France and New Zealand on the compensation question reopened in New York this week. Neither side has released any details of the talks or, until today, of the amount involved in the New Zealand compensation claim. Mr Lange said earlier he hopes the talks would reach a speedy resolution of the problem raised between the two countries by the French secret service sabotage of the Greenpeace vessel in Auckland Harbour last July. [Text] [Hong Kong AFP in English 0155 GMT 12 Dec 85 HK] /7358

AID FOR KPNLF SUPPORTERS--The New Zealand ambassador to Thailand visited the Thai-Cambodian border recently to hand over 213,000 baht worth of medical supplies from the New Zealand Government to the civilian supporters of the KPNLF at evacuation site 2, Ta Phraya District, Prachin Buri Province. The ambassador also delivered 213,000 baht worth of assistance in the form of kerosene lamps and kerosens to the supporters of the FUNCINPEC [National United Front for Independent, Neutral, Peaceful, and Cooperative Cambodia] at the Green Hill evacuation site in Surin Province. In addition to this direct humanitarian assistance, New Zealand announced recently a further grant of NZ\$100,000 to the UN Border Relief Organization at the Donors' meeting in New York. [Excerpts] [Bangkok Voice of Free Asia in English 1500 GMT 11 Dec 85 BK] /9738

CSO: 4200/426

PHILIPPINES

BULLETIN COLUMNIST LAUDS CORY AQUINO 'LEADERSHIP'

Manila BULLETIN TODAY in English 6 Dec 85 p 7

[Commentary by A.O. Flores: "She's the One"]

[Text] Coming as it did in the wake of the decision on the Aquino-Galman double murder case, Cory Aquino's acceptance of the presidential draft is a breath of fresh air. I should like to think that the KBL leadership also welcomes the news since it has been urging the Opposition all along to get their act together and come up with a "worthy challenger." (I understand the incumbent would like a convincing majority victory, which is only possible in a one-on-one situation, so he says).

I recall Cory's statement on "draft" in a television interview with Ric Puno of "Viewpoint" on the eve of her husband's second death anniversary. Asked if she would consider a draft for the Presidency, the very gracious, the ever composed widow of the beloved Ninoy said: "There are no drafts in this country, there are only storms and typhoons."

And so the draft has inexorably gathered into a storm, nay, a typhoon of public importunings with the intensity of Signal No 3. Rising to the occasion, Corazon C. Aquino--a "real live phoenix"--has spoken.

"I do not seek vengeance, only justice."

"If I shall be able to inspire the people to elect me, I shall be able to inspire them to help me run the government."

Cool, charming, candid.

Do I hear qualities of true leadership?

What do you think?

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CSO: 4200/461

PHILIPPINES

PAPER PREDICTS CORY TO GIVE MARCOS 'TOUGHEST' FIGHT

Quezon City ANG PAHAYAGANG MALAYA in English 6 Dec 85 p 4

[Editorial: "Scary Dare"]

[Text] In what promises to be a confrontation never before seen in this part of the woods, presidential candidate Cory Aquino threw the gauntlet at Mr Marcos in a brilliant strategy reminiscent of the political savvy and savoir-faire of the dictatorship itself. In an interview with Agence France-Presse, Cory ventilated a willingness to meet the President on television to discuss national problems "in full view of the Filipino people" and the international media. "There is nothing to be afraid of," she stressed, if "both of them are sincere in meeting with each other."

If this challenge proves anything, it is that Mr Marcos is in for the toughest political contest he has ever faced in his storied life. His vaunted rhetoric that could crush an opponent in such a polemical exercise could be demolished or rendered inutile against the cogency of common sense, sincerity and honest will of a woman with a mission of justice and freedom for her suffering countrymen. Mr Marcos would be fighting shadows whom he cannot clearly perceive, he will be raising a lame and feeble voice against the wind, he will be driven to demonic despair by the accumulated evils of the 20-year reign that ensured the complete degradation of the Filipino.

"I want to be an optimist," she said and the finer nuances and meanings in her words cannot be lost on Mr Marcos, "and in fact (Ninoy) used to tell me that Marcos will die only after he has done something good for the country. In other words, (after) he has made peace with the Filipino people and with God."

One is tempted to compare her statements with the unintelligible and insensible drivel of another lady but, of course, comparisons, as they say, are odious and it would be digressing. What is to the point is the immediacy of the problem facing Mr Marcos in the face of the challenge thrown his way by an admittedly formidable adversary. For a man who has never backed out of a fight--and with a score or so of medals to prove it--he really has a most difficult dilemma in his hands. Would he dare to lose in a confrontation he cannot possibly win, or won't he?

Many are inclined to the belief that Mr Marcos, being the man that he is, will take discretion as the better part of valor and still beat a retreat for the nonce. After all, he can live (since he does not intend to die) to fight another day.

But a few Marcos watchers are convinced his pride will make him confront Cory in a one-on-one, whatever foreseeable embarrassing outcome lies in store for him. After all, he can bank on his lap-dogs to praise him to the sky and tell everyone and sundry that he acquitted himself with his usual brilliance and aplomb. Within him, however, he would know that the people and the international media know better, and this much he cannot deny or he is only fooling himself.

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CSO: 4200/461



PHILIPPINES

COLUMNIST PUBLISHES LETTER SUPPORTING AQUINO

Quezon City ANG PAHAYAGANG MALAYA in English 7 Dec 85 p 4

["Politics and Politicos" by Ernesto R. Rodriguez, Jr: "MP Munoz-Palma Should Not Expect a Shield in Politics"]

[Text] The letters keep coming and it is obvious that the pro-Cory media blitz is now worn thin. At this writing, more than a week before this paper's date of issue, the events are beginning to conspire against the advisability of a Cory Aquino-for-President ticket in the snap elections.

In any case, I am hereunder publishing two letters, which are self-explanatory. Again, I have no comments to make on them. It is better that way.

One says:

Dear Mr Rodriguez:

Your recent column on Cory Aquino has had a profound effect on her chances of winning any support here in Iloilo. That is because we are aware of your credibility as a political writer and your integrity as an individual. Your fellow Ilonggos have long had nothing but admiration and affection for you. You are much revered here in Western Visayas. Your column therefore has served as a last nail driven into the coffin as Mrs Aquino's candidacy in this part of the country.

Add to this the fact that our beloved Vice President Fernando Lopez, our assemblymen Fermin Caram, Jr and Arthur Defensor and ex-Senator Rodolfo Ganzon are all solidly behind Doy Laurel, and you have a clear picture of how Iloilo will go in the coming presidential elections. Toto Roding devotes all his Monday radio speeches to attacking Cory Aquino's qualifications for the presidency. He says she would only be good for minister of social welfare and nothing more. Even Reinerio Ticao, Ganzon's probable rival for mayor of Iloilo City, is also for Laurel. So where does Cory Aquino expect to get her support here?

I am a woman myself but I cannot see how Cory could possibly get my vote. Advise her to stay home and forget politics. This is the Year of Laurel. Carry on, Tio Nene.

Sincerely yours,

(Sgd.) Victoria Gulmatico, Leganes, Iloilo

By way of an observation on my recent column regarding MP Cecilia Munoz-Palma's experience in the rough and tumble of politics, Orlando Paragua, of 2446 Tejerós St, Sta. Manila, has this to say:

Dear Mr Rodriguez:

Now that the Laurel-Palma case has visibly died down, may I now comment on it dispassionately?

Laurel was berated, chided, ridiculed and was called names. And these came by avalanche. Poor fellow!

I suppose MP Cecelia Munoz-Palma was well aware that when she entered politics she went into war--literally. Considering that in war everything is fair, I am amazed at her seeming naivete.

It is, I think, unfair for her to expect that age and sex would afford her some kind of shield from the harshness of the war of politics especially with the kind we have in the Philippines. Politics, if would seem is a great leveller. It does not recognize, much less yield to, age or sex because it is rather a dog-eat-dog affair.

MP Munoz-Palma was "only" shouted at and humiliated. Indira Gandhi, to name just one woman who plunged into this terrible game of politics, was not only shouted at or humiliated. She was murdered.

At her age, MP Munoz-Palma, in the quiet confines of her home would certainly not be shouted at or humiliated. If at all, she would do the shouting and humiliating. I guess her big concern, as with others like her, is to help tackle the great problems of the country and its people. Which is a noble one. But it is also said that the hand that rocks the cradle is the hand that rules the world.

The reported approval on the second reading by the Batasan Pambansa of the bill creating a new province in Negros island by the name of Negros del Norte will have serious repercussions on the political situation in my province. It would mean that the Opposition will be badly battered in that area of Negros which will comprise this new province. For the fact is that this is the private preserve of former Congressman Armando Cuaycong Gustilo, the No 1 warlord of Negros.

Armin runs this part of Negros like a tight ship. His word is the law in Northern Negros. This is where Escalante is and the whole world knows what happened there recently. From San Carlos City in the farthest north to Silay City and the new municipality of Salvador Benedicto in the south, it is Gustilo Country. And, of course, Cadiz City, Gustilo's hometown, will be the capital of this new province.

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CSO: 4200/461

PHILIPPINES

OPPOSITION PUBLISHER URGES AQUINO CAMPAIGN EVALUATE SUPPORT

Quezon City ANG PAHAYAGANG MALAYA in English 7 Dec 85 p 4

["Publisher's Notes" by Jose G. Burgos Jr: "Signatures for Cory"]

[Text] I came across the other day a letter in one of the establishment newspapers questioning the procedure adopted by the "Cory Aquino for President Movement" in gathering the more than one million signatures urging Ninoy's widow to accept a presidential draft.

The tenor of the letter was, however, not to denigrate the people behind the movement--not like the way the First Lady belittled the groundswell of support to Cory's bid to run in next February's special election.

Mrs Marcos, if you read Malaya's account (Nov 30, 1985), mocked the signature-gathering and boasted that "I could get more than that."

The letter-writer's reaction was a far cry from that of FL. In an almost solicitous tone, he pointed out the fact that his own daughter, a 13-year-old high school student, was among those who affixed her signature in the petition-draft.

The letter-writer has a point. It is possible that many of those who signed the petition could be non-voters, being below 18 years of age.

The Movement's organizers, therefore, should try to take a second, hard look at the signatures to avoid being overwhelmed by the sheer number of signatories.

I suggest that the movement headed by "Don Chino" Roces, evaluate the results, if it has not done so yet. Perhaps the organizers could also release a more detailed report on where the signatories come from and how many of them are men or women. This could help Cory's political strategists in mapping out their election campaign.

One thing is sure, though. Unlike the dubious surveys and petitions engineered by the Marcos bright boys, no palms were greased by the Movement.

And that's a whale of a difference.

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CSO: 4200/461

PHILIPPINES

MALAYA COLUMNIST ANALYZES CORY AQUINO 'BANDWAGON'

Quezon City ANG PAHAYAGANG MALAYA in English 7 Dec 85 p 4

["Business of Truth" by Alfonso O. Policarpio: "A Bandwagon for Cory"]

[Text] Listen friends.

The fiddling is jaunty. You can feel it, like the Christmas carols--rousing, stimulating, tantalizing. Just give it your ear, you can't miss it: it's all within your earshot.

To begin with, there was Cory, the hero and martyr, Ninoy's widow, announcing Tuesday morning that she was accepting the draft, a pressing draft, a you-only draft, by the Laban ng Bayan, the PDP-Laban, the Liberal Party-Salonga Wing, the Mindanao Alliance, the Pinaghiusa, the Convenor's Group, the Bandila, the million signatories of the Cory Aquino for President Movement, and others, for her to go out battle. President Marcos in the Feb 7 "snap" election and, with the people, make stingingly good her charge Mr Marcos ordered her husband, Mr Marcos' archfoe, beloved by the people, killed on Aug 21, 1985.

In a statement she read at a press-TV-radio conference accepting the draft, Cory also showed she was very sensitive to the Filipinos' crying needs and she pledged she would meet these demands on her presidency. They are "wants" that make crying demands on the presidency and while Mr Marcos has blinked them away, she said she would address herself to them immediately. No, she said in effect; they cry to be solved today, not tomorrow.

"I look around me and I see a nation that is sinking deeper and deeper into despair," she said. "I look around me and I see a people who continue smiling bravely even if they are unsure about their next meal and, indeed, are growing increasingly angry and desperate. I sense a growing feeling of helplessness and a creeping belief that no matter what abuse may be thrown at our faces, we are powerless to do anything."

"Yet I remain firm in my conviction that while our nation's problems may be extremely serious, they are by no means insurmountable. I believe that this nation can overcome its present difficulties and eventually find its rightful place among the great nations of the world but only if every single

Filipino is prepared to do his or her part in bringing about the meaningful change that we all seek."

This reminded us, instantly, of Ninoy's own outlook into the presidency after Marcos. In a speech at the Tokyo Foreign Correspondents Club in early April 1972, Ninoy said the Filipino problems were "manageable" still, contrary to widespread perception among Filipinos, that they could be settled only by a revolution. But he said:

"But it can be solved only by a new leadership, a committed and dedicated leadership, one that will dutifully attend to the agenda of the nation, Government, for this leadership, cannot be a vehicle for self-advancement. Nor for self-aggrandizement. This will have to be a leadership with a will to clean up, dispensing no favors and fearing no one. It will have to be a leadership prepared to govern by example, sacrificing self and family first before it asks the people to sacrifice. This is an imperative--if it must regain faith in government and lead."

The two statements--Ninoy's in 1972, Cory's last Tuesday--must be seen together as we follow Cory in her campaign. If we believe in the "commitments," for these are what the statements are, then we vote for her. If we don't, then we abandon her to her fate--and, we stress, also Ninoy's fate--and go for Mr Marcos or whosoever may be similarly running for the presidency.

We see, however, that a good segment of our population, respected leaders all, came to the press-TV-radio parley to launch Cory. There were, on the stage with her, ex-Sen Jovito R. Salonga, president of the Laban ng Bayan coalition, ex-Sen Lorenzo M. Tanada, Ninoy's father-figure and chairman of the original Lakas ng Bayan, under which Ninoy ran for the interim Batasang Pambansa in 1978, Manila Times publisher Joaquin "Chino" P. Roces, now chairman of the Cory Aquino for President Movement, and Mambabatas Pambansa and ex-Justice Cecelia Munoz Palma, co-chairperson of the Labang ng Bayan, to begin with.

There were also, on the floor, Members of Parliament Neptali A. Gonzales, the executive vice-president of Unido, Nene Pimentel, president of the PDP-Laban, Rogaciano Mercado, president of National Union for Liberation, Antonio Cuenco and Marcelo Fernan of Pinaghiusa, Homobono Adaza of Mindanao Alliance, Nenita Inday Daluz, whom Cebuanos say commands two million Visayan votes, Lito Atienza, Enrique Belo, Jimmy Ferrer, Ramon V. Mitra, Victor Ziga; Bert Romulo, Antonio Martinez and Imigdio Tanjuatco. There, too, were: ex-Assemblyman Kit Tatad, Con-Con Delegate Bren Z. Guiao and ex-Education Secretary Anding Roces.

The big turn, the healthiest turn, for Cory came Tuesday night. When Neptali went to her press conference, he came merely to observe, as "a friend." But that night he wrote a letter to ex-Sen Salvador H. Laurel, president of Unido, and said he "could not abandon the widow of my dearest friend (Ninoy)." This, for Cory, is of the greatest significance: Nept is

Unido's No 2 man, the opposition's key man in Metro Manila. He is well-known all over the country; he stood for Jovy in Jovy's successful re-election campaign in 1971 after the Plaza Miranda bombing (Jovy was No 1).

Nept's going for Cory began a fantastic groundswell for Cory. We understand as of Wednesday noon, 33 of the 59 opposition assemblymen, including, we have been told, Mel Lopez of Manila, another Ninoy man, the treasurer of Unido, have enlisted in Cory's cause.

The bandwagon is on. Hop aboard.

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CSO: 4200/461

PHILIPPINES

DAVAO PAPER REPORTS REVAMP AT REGIONAL COMMAND XI

HK230814 Davao City THE MINDANAO DAILY MIRROR in English 6 Dec 85 p 4

[Text] Reorganization at the Pc-Inp [Philippine Constabulary-Integrated National Police] Regional Command [Recom] headquarters in Camp Catitipan here continues.

Colonel Jesus R. Hermosa has been relieved as deputy regional commander for operations and reassigned effective November 16 to the Pc-Inp headquarters in Camp Crame, Quezon City to assume a new position in line with the continuing reorganization of all Pc-Inp regional commands in the country. At the time of this relief, Col Hermosa had served as officer-in-charge of the Advance Command Post of Recom XI based in Tandag, Surigao del Sur until its dissolution sometime this year.

Another officer reassigned to Camp Crame Headquarters is Major Ireneo Jurinario after his relief as communications electronics officer of the Command.

Meanwhile, the reshuffle of assistant provincial commanders was completed this week with Lieutenant Colonel Celis J. Nani assuming as deputy Davao Metrodiscom [Metropolitan District Command] commander and Major Romeo E. Larano as assistant provincial commander of Surigao del Sur. Before his assumption as deputy to Colonel Kahulugan, Nani had served as assistant provincial commander for Davao del Sur and shortly before the change of command there, as officer-in-charge while Larano was with the Office of the Inspectorate General.

Surigao del Sur Assistant Provincial Commander Major Lucas B. Sumaoy was also reassigned as assistant provincial commander for Davao del Sur while Major Palawan Macadindang this week assumed as assistant provincial commander for Davao Oriental.

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PHILIPPINES

FINANCING ARRANGED FOR SUGAR EXPORTS TO U.S.

HK231009 Manila BULLETIN TODAY in English 22 Dec 85 p 23

[Text] Three commercial banks signed yesterday an agreement to provide a P150 million "export advance loan" to the Philippine Sugar Marketing Corporation (Philsuma) to finance the purchase of export sugar and fulfill the country's commitments under the United States quota. Under the agreement, the Bank of Philippine Islands (BPI), Far East Bank and Trust Company and Land Bank of the Philippines will each contribute to establish the P150 million export advance loan to Philsuma. Philsuma has also appointed Bank of PI as the paying agent to sugar planters and millers for their "A" sugar for export to the United States. Thirty-five BPI branches (six in Luzon, 26 in the Visayas and three in Mindanao) will handle these payments to sugar producers in their respective areas. The special P150 million export fund will enable Philsuma to purchase all export sugar produced up to December 8, 1985 and fill up the country's first shipment under the 1985-86 quota in the U.S. Xavier P. Loinaz, president of BPI, O.V. Espiritu, president of Far East, Basilio Estanislao, president of Land Bank and Fred Elizalde, chairman of Philsuma, signed the agreement. The syndication of the P150 million loan was completed in record time by a task force from BPI, BPI Investment Corporation and the People Development Bank (BPI's agricultural bank). The signatories stated that the establishment of the loan fund was their commitment in helping the nation's sugar industry recover from its depressed condition.

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PHILIPPINES

PAPER REPORTS BANK DILEMMA OVER SUGAR FINANCING

HK190153 Quezon City ANG PAHAYAGANG MALAYA in English 9 Dec 85 p 7

[Text] Near-bankrupt Philippine National Bank [PNB] is forced to continue financing low-interest crop loans to sugar farmers following the refusal of private banks to take over this role. PNB President Placido Mapa said PNB was supposed to get out of sugar crop financing last October in favor of private banks. Banks, however, backed out because government policies provide that once they join the sugar financing program, their lending activities will be confined to financing crop loans and they will be shut off from other more profitable areas, particularly trading.

Mapa said this policy makes sugar crop financing unattractive and PNB is forced to stay in this role "or else the sugar industry will collapse." Mapa said the PNB will allot P600-million in sugar crop financing for the crop year 1985-86 and P300-million for 1986-87. He also cited other government policies that discourage banks from lending to agriculture, now one of the sectors in dire need of financing. He said the "policy impinging on a particular area of agriculture" such as the sugar industry is one of the reasons why the market forces continue to fail to revive the industry.

Mapa also noted that the government still sets guidelines on what crops farmers can grow and imposes controls on the amount of agricultural inputs they can import. He pointed out that this policy discourages profit-oriented banks from taking the risk to an extent that the agricultural sector has to rely extensively on subsidies from the state-owned banks.

Local banks will take a more active role in agricultural financing if prices are allowed more freely and the pricing of agricultural inputs such as fertilizer is freed from controls, Mapa said.

/12858

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PHILIPPINES

DEVELOPMENT AUTHORITY SEEKS REVAMP OF SUGAR COMMISSION

HK190151 Quezon City ANG PAHAYAGANG MALAYA in English 12 Dec 85 p 6

[By Ma. Rosa Ocampo]

[Text] The National Economic and Development Authority [NEDA] has recommended to President Marcos the complete restructuring of the Philippine Sugar Commission [Philsucom] to correct the numerous defects in its regulatory and corporate structure. The NEDA wants Philsucom out of the ownership and management of sugar mills and refineries. It also wants Philsucom to dispose its majority share in Republic Planters Bank [RPB].

Philsucom controls 65 percent of the newly formed Philippine Sugar Corp, which manages and operates 15 cash-strapped sugar mills with total debts to the Philippine National Bank alone reaching P4.7 billion. Philsucom also set up the National Sugar Refining Corp. in 1980 to own and manage Philsucom's three sugar refineries.

NEDA said Philsucom's ownership and management of the sugar mills and refineries encroach into what is supposed to be a private sector concern. It also leads to conflicts of interest as the commission wields regulatory powers over the sugar industry. NEDA said this creates a situation where Philsucom as a regulator is itself also a competitor in the milling, refining and trading of sugar. NEDA also pointed out that the supervision of Nasurefco [National Sugar Refining Company] and Philsucor [Philippine Sugar Corporation] should be transferred from Philsucom to another government agency, probably the National Development Co., which is more skilled to handle these types of activities.

Moreover, NEDA also recommended that Philsucom be stripped of its over 90 percent control of the RPB, a bank claiming to be owned by sugar planters and millers. Only less than 4 percent of the total RPB stockholdings are owned by the private sector while the rest are held by Philsucom whose representatives also comprise the majority in RPB's board of directors, NEDA said.

Another major defect discovered by NEDA is the interlocking directorates in Philsucom and its subsidiaries where the chairman and five associate

commissioners of Philsucom are also the chairman and board members of the subsidiaries. This setup does not assure Philsucom and its subsidiaries of any check and balance, NEDA said.

It was also noted that the Commission on Audit has consistently rendered a qualified opinion on the fairness of Philsucom's financial statements as Philsucom refused to submit the financial statements of its subsidiaries, particularly records of the trading operations of the defunct and graft-laden National Sugar Trading Corp.

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PHILIPPINES

GOVERNMENT BORROWING FROM CENTRAL BANK RISES

HK200526 Manila BUSINESS DAY in English 19 Dec 85 pp 3, 9

[By Rigoberto D. Tiglao]

[Text] The national government's net borrowings from the Central Bank [CB] soared in the first week of December at a rate that could exert an upward pressure on the inflation rate.

The latest CB data indicates that for the December 2-6 week, CB net credits to the national government shot up to P14,206 million from the previous week's level of P10,363 million--an increase of P3.8 billion. The last time in recent years that such a rapid rate of fund releases to the national government occurred was in April 1984, just before the parliamentary elections. At that time the government's net credits, largely as a result of government overdrafts, rose P4.7 billion within a span of three weeks.

These fund releases to the national government--which Prime Minister Cesar Virata repeatedly attributed not to election spendings but to the necessary construction activities during the summer season--contributed significantly to the climb of the inflation rate to record levels in the subsequent months. The rate peaked at 63 percent in October last year.

Technically, the CBs net credits to the national government consist of budgetary advances (including overdrafts) to the CB less the government's cash deposits at the CB, which are now largely that of the proceeds of sales of government Treasury bills. An increase in net credits could either be due to increased budgetary advances (or overdrafts as had occurred in 1984) or to withdrawals by the government from its cash advances with the CB.

Although the composition of the recent increase in CB credits to the national government could not be determined, the monetary impact of these two sources of increases on the CBs net credits however is largely the same. They involve new money being released into the system: if such new funds do not translate into new economic production, they create pressure for a general rise in prices.

BUSINESS DAY sources in the government offered various explanations for the rapid expansion in the government's net borrowings from the CB.

There has been a drastic fall in government revenues, particularly from trade taxes as both the country's imports and exports have steeply fallen throughout the year. A ranking official of the finance ministry said collections for instance of the Bureau of Customs have fallen by about P2 billion so far.

Furthermore, the government had deferred paying its obligations throughout the year to comply with the budget-deficit ceilings imposed by the International Monetary Fund (IMF). However, it has to settle these obligations before the end of the year. In fact, the government's increased borrowings from the CB will reportedly be used to pay such deferred accounts. Another major expense item for the government are the interest payments on foreign loans of large state-owned firms, which it has to settle to comply with the conditions for the entire financial package extended by the country's creditor banks.

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PHILIPPINES

BANKERS CONFIDENT IN FUTURE STRENGTH OF PESO

HK190157 Manila BUSINESS DAY in English 18 Dec 85 p 2

[Text] Although the peso has been losing against the dollar in the past couple of weeks, the banking community does not expect a dramatic peso slide before the snap presidential election scheduled for February 7. Bankers are saying that the Central Bank [CB] in the next few months, is unlikely to allow a peso depreciation which is similar in magnitude to those the government effected in 1983 and 1984 when the peso was devalued by close to 100 percent. They expect the official peso-dollar rate to stay around the P19-per dollar range, at least until after the presidential election--if it pushes through.

Through its open market operations, the CB is trying to quell dollar speculations among banks. Bankers said this is one definite sign that the CB will not allow another peso devaluation even if this is being recommended by the International Monetary Fund (IMF) as a way to boost the country's exports. Moreover, bankers believe that the CB is not about to take a gamble with its foreign exchange position. It recently reduced its lending rates for the loan program for agriculture--called the agricultural loan fund (ALF)--which is partly funded by a \$100-million loan from the World Bank. The CB's lending rate under the ALF is now 13.75 percent a year from the previous 16.5 percent a year.

Sources said the CB's foreign exchange risk, which comes from its dollar loan from the World Bank, is imputed in the old ALF loan rate. A peso depreciation means the CB has to earn more pesos to pay the same loan amount. Thus, by reducing its lending rate under the ALF, the CB is taking a foreign exchange risk. "With this situation, it is natural for the CB to protect its position," a banker said. As the peso lost against the dollar for three consecutive weeks, the CB last week raised its borrowing rates from banks to an average of more than 20 percent a year. The higher CB payments on its loans from banks pushed up interest rates in the interbank peso loan market, which in turn made dollar speculation quite expensive for banks. Interbank rates last week averaged more than 20 percent a year. The last time these rates hit the 20 percent mark was early last month when the CB also tried to contain dollar speculation among banks.

The slide of the peso nevertheless continued last week, closing at P18.903 per dollar. Bankers said the official peso-dollar rate, which is computed from the results of dollar trading among banks, was merely reacting to the peso's weakness in the dollar blackmarket. Last week, blackmarket rates jumped to P19.60 per dollar from about P19.10 per dollar. But some bankers noted that blackmarket rates have been erratic in the past few weeks. "If it were dollar speculation which was pushing up the blackmarket rates, the uptrend should have been consistent," a banker said. Others said that since the government is more or less in control of the dollar blackmarket, the movements in the rates may have been dictated.

/12858

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PHILIPPINES

CENTRAL BANK TO PAY INTEREST ON DEBTS TO BANKS

HK131547 Manila BUSINESS DAY in English 13 Dec 85 p 2

[Text] The Central Bank [CB] has agreed to pay interest on what it owes commercial banks under the so-called dollar swap arrangements, but it has also ruled that the banks cannot book the interest earnings as profits. Sources said the CB already owes banks some P5 billion in interest under these swap arrangements. This is the amount the banks cannot claim as income. Under a CB circular letter revising the accounting methods banks used in their foreign exchange transactions, banks have to consider these interest earnings as equity. In effect, they cannot use the interest earnings to declare dividends with. The Bankers Association of the Philippines (BAP) is contesting the CB rule. A BAP official said the association's arguments have been presented to CB Governor Jose B. Fernandez Jr.

Under a dollar swap deal, banks borrow dollars from abroad which they exchange for pesos with the CB. The series of peso devaluations since 1983 meant that the CB had to give banks more pesos for their dollars under the swap transactions. To avoid releasing more funds into the system which would be inflationary, the CB refused to give banks these swap differentials and, instead, offered to pay interest. Recently, the CB decided to revise the chart of accounts (CA)--the CB-prescribed accounting method used for banks' financial statements and reports submitted to the CB--for commercial banks and universal banks. The revised CA requires banks to "immediately credit" the swap differentials and the interest earnings under an equity but non-income account.

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PHILIPPINES

CORPORATIONS' DEBTS TO BE RESCHEDULED

HK170925 Manila BUSINESS DAY in English 16 Dec 85 p 2

[Text] About \$1.3 billion worth of debts of private corporations is expected to be rescheduled under the program to be administered by the Central Bank's [CB] Private Debt Restructuring and Repayment Corp. Caridad Valdehuesa, special assistant to the CB governor and general manager of the CB subsidiary, said this was the preliminary estimate provided by the CB's debt rescheduling task force. The estimate is slightly bigger than the \$1.1 billion the CB had earlier calculated will be the private corporate debt that will be rescheduled under the May 20 agreement signed with the country's creditor banks. Valdehuesa explained that the rescheduling program started last December 1 and that the CB subsidiary, with a staff of 27, is now fully operational. The original start of the program set for November 1 was moved to December 1 under CB Circular No 1082. The so-called "entry period" for the program--the period during which private corporations must reach rescheduling agreements with their bank creditors and include their debts in the rescheduling program--runs from December 1 to June 1. The CB subsidiary had to be set up to assure the country's bank creditors that while private corporate debts will as much as possible be retained as private obligations--unless the creditor banks agree to convert them into public debt--the CB, with a guarantee of the national government backing it up, will see to it that these will be paid under the terms to be agreed upon individually by the private firms and their creditors.

There are 178 private corporations whose foreign debts, or those falling due between October 17, 1983 and December 31, 1983, may be rescheduled. Among the biggest debts to be rescheduled are those of the Manila Electric Co. (Meralco), Philippine Long Distance Telephone Co. (PLDT) and San Miguel Corporation. A large portion of these debts was incurred through the offshore banking units (OBUs) which lent out dollars to banks, the peso equivalents of which were then lent to private corporations.

The CB subsidiary has provided four options to corporations for rescheduling their debts which involve the payment to the subsidiary of the peso equivalent of the debt repayments according to the schedule the firms will agree with their creditors. Although one option allows the firms to retain the original schedule of the loan repayments, the rescheduling agreements will involve stretching out maturities for a minimum of 7 years and a maximum of 10 years. CB official Valdehuesa said that because of the stretching out of the maturities, the impact of the private sector's debt rescheduling on liquidity as a result of the peso deposits will be minimal.

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PHILIPPINES

INTEREST ON AGRICULTURAL LOAN TIME DEPOSITS CUT

HK170909 Manila BUSINESS DAY in English 16 Dec 85 p 3

[Text] The Central Bank [CB] last Friday reduced to 13.2 percent from 16.7 percent the interest rate on agricultural loan fund (ALF) special time deposits to be charged participating commercial, thrift and rural banks. The new rate, which took effect immediately, was adopted in line with an agreement with the World Bank to keep the interest rate on ALF special time deposits market-oriented.

The ALF project is a World Bank-assisted lending program intended to boost agricultural activity. World Bank funding for the program amounts to \$100 million. In general, the ALF will provide funding to qualified borrowers through participating banks to finance seasonal, medium- and long-term agricultural credit for poultry, livestock, fisheries development, plantation crops, including sugar, coconut, coffee and others. Loans are made available to qualified borrowers through special time deposits to be placed by the CB in eligible participating banks. Under the formula provided for in the loan agreement, the interest rate on ALF special time deposits will be determined on the basis of either the cost of borrowings to the ALF, related administrative costs and an element of foreign exchange risk, or the weighted average of savings and time deposit interest rates, including the cost of deposit mobilization, whichever is higher. The CB noted that the weighted savings and time deposit rate for the three-month period September 4-November 20 of 13.2 percent was higher than the breakeven cost of ALF funds of 12.5 percent, hence the applicable rate of 13.2 percent per annum. The CB added that the interest rate of ALF special time deposits will be reviewed periodically to align these rates with prevailing market rates.

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CSO: 4200/438

PHILIPPINES

AIRLINE LOSES PETROL TAX EXEMPTION

HK181541 Manila BUSINESS DAY in English 18 Dec 85 p 11

[By Geselle J. Militante]

[Text] President Marcos has ordered the withdrawal of the tax exemption privilege of Philippine Airlines [PAL] in the purchase of domestic petroleum products for domestic operations, effective November 1, 1985. The order is contained in Letter of Instructions [LOI] No 1483, signed October 31. It says PAL's tax exemption privilege "has resulted in serious tax base erosions and distortions in the tax treatment of similarly situated enterprises." Under the order, PAL will have to pay customs duties and the 10 ad valorem duty on fuel bought for domestic operations.

A high-ranking PAL official and a member of the Civil Aeronautics Board estimate the amount of tax involved at P300 million a year. It is a conservative estimate of the government subsidy PAL has obtained in the form of tax exemptions. PAL has been enjoying tax exemptions since 1969 based on a ruling of the then Department of Finance.

President Marcos also issued LOI 1415 in July 1984 to give PAL exemption from payment of specific and ad valorem taxes on domestic petroleum products. The LOI provided that any local oil company which had a contract with PAL for the supply of petroleum products for the airline's use may import crude oil without the payment of customs duties and the ad valorem tax.

The tight financial situation in the country has pushed the government to consider withdrawing tax exemptions. As LOI No 1483 states: "There is a need for government-owned or -controlled corporations and all other units of government enjoying tax privileges to share in the requirements of our economic recovery program."

PAL's franchise to operate, embodied in Republic Act No 1471, as amended by PD [Presidential Decree] No 1924, requires it to pay either a quarterly tax on its gross revenues or the basic corporate income tax, whichever is lower, in lieu of all other taxes, duties and fees that may be imposed by the government. The franchise says PAL's tax exemption refers only to its

direct taxes. Payment of specific ad valorem taxes on domestic petroleum products is the direct liability of the manufacturer or producer of the products. Only later rulings allowed PAL to enjoy tax privileges.

Removal of the tax privileges is seen as a necessity and forms part of the government's commitment to the International Monetary Fund, according to sources in government. This commitment is made in the government's letter of intent submitted to Jacques de Larosiere, managing director of the IMF, and signed by Prime Minister Cesar Virata.

Roman A. Cruz Jr., PAL president and chief executive officer, has been resisting and continues to resist removal of PAL's tax exemption. He is set to meet with Virata and President Marcos to appeal PAL's case. PAL officials up to now refuse to officially acknowledge the existence of LOI No 1483. They maintain that implementation of the LOI has been suspended and remains so.

The Civil Aeronautics Board [CAB] is supporting PAL's opposition to the removal of its privilege. A source in the CAB said the removal of PAL's tax exemption would put the structure of air fares in disarray. "The direct implication," the source said, "is a P300-million yearly loss in revenues, which PAL could not afford right now. It would also mean that less people would travel PAL's heavily traveled route. In sparsely traveled routes, PAL services would eventually just cease."

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PHILIPPINES

GOVERNMENT PLANS NEW GROWTH PROGRAM FOR ECONOMY

HK131613 Manila BULLETIN TODAY in English 13 Dec 85 pp 25, 26

[Text] The government is drafting a second-phase economic program designed to supplant the stabilization plan which will end in the middle of next year and bring the economy to a growth phase starting next year. Sources close to the National Economic and Development Authority disclosed that the new program would build on the gains achieved during the 18-month stabilization period which saw the inflation rate brought down from a peak of 65 percent to 6.28 percent, the restructuring of portion of the foreign debt, the turnaround of the balance of payments deficit, and the curtailment of public sector deficit. They said that these achievements were made at the expense of a decline in gross domestic production which, as measured by the gross domestic product (GDP), dipped 5 percent in 1984 and was still expected to further fall by 4.0 percent this year.

The new economic program is calculated to ensure that the economy is brought back to a growth pattern, an objective which could be easier to accomplish starting next year since all the ingredients for financing, budgetary leeway, and monetary elbow room are already in place. Part of the blame for the further decline in GNP this year could be on the delay incurred in securing the additional releases from the International Monetary Fund credit facility, the new money from the foreign creditors, and the trade financing facility. Expected in the second quarter, this crucial financing package became available only in August.

The sources pointed out that the government would also review certain targets, especially those on exports and imports, and identify critical areas in trade that need to be addressed to immediately promote growth in exports. The existing 18-month economic program placed export growth this year at 10 percent. At the end of the 11-month period, exports in fact showed a decline of 14 percent over the comparative figures last year.

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PHILIPPINES

BANK GIVES EXPLANATION FOR LOSSES

HK200502 Manila BULLETIN TODAY in English 19 Dec 85 p 19

[Text] The Development Bank of the Philippines (DBP) said yesterday that it did not make provision for possible losses of P23.24 billion in its financial statement in 1984 on accounts covered by its rehabilitation program because these losses were to be shouldered by the national government. The bank issued this explanation in reply to a news report that cited the Commission on Audit [COA] as having placed DBP's total loss in 1984 at P32.55 billion as against the reported loss of the DBP of only P6.6 billion for the same year. It said that the difference between the COA's loss figure and its own was the fact that the DBP excluded P23.24 billion estimated provision for possible losses on accounts classified as "government-behest" accounts under the rehabilitation program of 1984. Losses on these accounts, as specified under this rehabilitation program, were to be shouldered by the national government.

According to the DBP, the reason why the 1984 rehabilitation did not work but was originally contemplated was because it was only partially implemented in 1984. While one component of the program--government financial assistance of P5.4 billion through P3.7 billion fresh equity infusion and P1.7 billion conversion of existing government deposits into equity equity--was granted, the second component--the transfer of the non-performing accounts from the books of the banks to the national government--was not carried out. Accordingly, the huge losses incurred by these non-performing accounts continued to pile up and are still piling up in the DBP's financial statements.

At the time the DBP rehabilitation program was approved by President Marcos on December 14, 1983, the combined government-behest and non-performing accounts amounted to P36 billion or 62 percent of the bank's total resources that year.

Another reason for the wide discrepancy in the COA and DBP loss figures was deferral of booking of P2.54 billion losses on the sale of assets mostly on one shipping account which the DBP did not identify but is presumed to be Galleon Shipping Corp. of the former CDCP [Construction and Development Corporation of the Philippines] group. It was the bank's contention that this loss should have been deferred because it pertained

to a contingent liability assumed by the DBP at the time of the sale of the account and on which there had been no actual cash outlay.

The DBP said the increase in arrearages in 1984, which amounted to P12.2 billion, was the restriction adopted under the rehabilitation program for any new or additional refinancing or restructuring schemes for borrowers, except in "very meritorious cases," because such arrangement has not generally proven beneficial to be of real benefit both to the DBP and its borrowers. Its worsening arrearages were likewise due to the present state of the economy, and were in fact the reason for the formulation of the rehabilitation program of 1984.

The bank defended its losses of P3 billion incurred in the sale of its acquired assets by the need to generate cash and minimize government assistance. It said these losses could not be helped because the sales were the best alternative under the circumstances.

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CSO: 4200/438



15 January 1986

PHILIPPINES

TAX COLLECTIONS REPORTED UP BY 47.8 PERCENT

HK240603 Manila BUSINESS DAY in English 23 Dec 85 p 2

["Economic Indicator" column: "Tax Collection Improves 47.8 Percent"]

[Text] Tax collection of the Bureau of Internal Revenue (BIR) for the first eight months of 1985 rose 47.85 percent to P29,423.3 million from P19,901.3 million collected in the same period a year ago, data compiled by the National Economic and Development Authority (NEDA) indicated.

The higher collection level was the result of the stepped up collection drive of the bureau. Tax collections from all sources increased during the period in review.

For the eight-month period, revenue generated from income taxes accounted for 42.83 percent or P12,602.3 million of the total. This was 56.3 percent more compared with last year's P8,077 million.

On the other hand, collections from specific taxes registered a higher percentage increase of 57.05 percent from P5,744.9 million the previous year to P9,022.2 million this year.

Revenue generated from license, business and occupational taxes contributed P4,338.5 million to the total collections.

(See Table on following page)

# Collections of the Bureau of Internal Revenue

January 1984 to August 1985  
(in million pesos)

<u>Period</u>	<u>Total</u>	<u>Specific Tax (Domestic)</u>	<u>License, Bus, and Occ. Taxes</u>	<u>Income Tax</u>	<u>Others</u>
<u>1985</u>					
January	4,696.2	1,260.9	1,054.5	1,793.5	587.3
February	3,072.0	1,099.3	656.1	1,078.5	238.1
March	3,049.9	1,179.9	288.5	1,260.4	321.1
April	5,580.4	1,173.4	1,288.2	2,483.5	635.3
May	2,731.5	1,149.1	152.8	1,102.6	327.0
June	2,534.7	1,033.5	73.8	1,206.9	220.5
July	4,871.4	1,107.8	753.9	2,412.5	597.2
August	2,887.2	1,018.3	70.7	1,264.4	533.8
Total	29,423.3	9,022.2	4,338.5	12,602.3	3,460.3
<u>1984</u>					
January	2,457.8	600.0	712.2	827.7	317.9
February	1,964.8	608.4	513.1	534.5	308.8
March	1,401.6	607.5	102.3	514.9	176.9
April	3,925.5	630.6	591.4	2,395.6	307.9
May	2,020.1	745.2	127.2	855.1	292.6
June	1,612.4	872.5	146.8	410.3	182.8
July	3,843.1	850.5	936.6	1,358.6	694.4
August	2,676.0	830.2	302.1	1,180.3	363.4
Sub- total	19,901.3	5,744.9	3,434.7	8,077.0	2,644.7
September	1,303.0	779.5	84.7	238.3	200.5
October	3,676.0	1,086.2	724.7	1,257.8	607.3
November	3,387.4	1,175.1	497.7	1,323.7	390.9
December	3,818.4	1,113.5	427.8	1,873.8	403.3
Total	32,086.1	9,899.2	5,169.6	12,770.6	4,246.7

Source: Bureau of Internal Revenue

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PHILIPPINES

MANILA RESTRUCTURES TARIFF RATES FOR INDUSTRY

HK130305 Manila BUSINESS DAY in English 12 Dec 85 p 2

[By Daniel C. Yu]

[Text] The government has completed the restructuring of various rates of duty for 12 industry sectors as part of its current overall tariff review in preparation for the liberalization of imports which will start next month. President Marcos has signed Executive Order No 1062-A which adjusted the rates of duty of the various commodity groups belonging to the 12 major sectors under the Tariff and Customs Code of the Philippines. Documents made available to BUSINESS DAY showed that the 12 sectors are: live animal, animal products; cereal; vegetable products; prepared foodstuffs, beverages, spirits and tobacco; mineral products; products of chemical and allied industries; artificial resins and plastic materials; textile and textile articles; articles of stone, glass and glassware; base metals; machinery and mechanical appliances, electrical equipments and parts; and musical instruments.

In the case of live animal and animal products, the rate of duty for live poultry, dead poultry including ducks, chickens and turkeys was reduced to 40 percent ad valorem from 50 percent previously. The import duty for fish, whether live, chilled or frozen, was adjusted to 10 percent-20 percent depending on the month when the fish is imported. The duty was increased for the months when fish is abundant and lowered for the months when the fish supply is low. The executive order also adjusted the rate of duty for corn from the present 10 percent to 20 percent. The increase is intended mainly to protect local corn farmers, a major sector of agriculture that the government is promoting. The duty on prepared or preserved fish such as mackerel and sardines as well as tuna was adjusted to 20 percent from the previous 10 percent. For all other prepared or preserved fish, the duty was pegged at 30 percent from the previous 50 percent.

Mineral products such as coke and semicoke of coal and coke and semicoke of lignite or peat were given a rate of duty of 10 percent. The duty on chemicals such as hydrogen peroxide was reduced to 10 percent from 50 percent. The rate of duty for methyl alcohol was reduced to 10 percent from 20 percent. Under glass and glassware, yarn silvers and rovings

were given a rate of duty of 20 percent; glass fiber fabrics, including narrow fabrics, 30 percent; and glass fiber mat of a kind used as reinforcing materials for plastic articles, 20 percent.

The rate of duty for wicks, of woven, plaited or knitted textile materials, for lamps, stoves, lighters, candles and the like as well as for tubular knitted gas-mantle fabric and incandescent mantles was increased to 30 percent from the previous 20 percent.

In signing the executive order, the president noted that there are still tariff rates in the Tariff and Customs Code of 1982, as amended, which are not in accordance with the tariff reform program guidelines promulgated in 1981. This has resulted in either the over or under protection of certain industries, he said, adding that this situation has to be modified to even out the protection structure. He said the underlying objective of the tariff reform program is to improve the industrial efficiency and the international competitiveness of domestic industries. In line with the tariff reform program, certain guidelines were established to ensure that the progression of rates from raw material to finished consumer goods are kept at levels sufficient to protect domestic industries.

The tariff reform program was started in 1981 following a commitment made by the government to reduce tariffs on a wide range of items over a five-year period after it secured a structural adjustment loan from the World Bank totaling \$502.3 million. The gradual tariff reduction was interrupted however by the foreign exchange crisis of 1983. The government had to ask the World Bank for a postponement of the tariff reduction program until after the debt rescheduling package for the country was in place. The structural adjustment program is intended to lower tariffs for a broad range of imported items to force domestic industries to become more competitive. Under the updated Philippine Development Plan for 1984 to 1987, the country has committed to undertake policy reforms that will encourage local industries to improve their quality and cost competitiveness. Under the reform program, the Philippines has committed to reduce the average statutory rate to 28 percent, narrow down the tariff disparity to between 10 percent to 540 percent [figure as published] ad valorem, and reduce and even out protection for industries this year.

The move to reduce tariff and liberalize imports starting next year however has elicited negative reactions from the business community which believes the timing of the program is wrong. The business community has argued that implementing such a program at a time when domestic industries are still trying to recover from the crisis would put these industries in a very precarious position. One of the proposals of the private sector was for the government to conduct an overall review of the tariff structure. The president thus directed the National Economic and Development Authority (NEDA) to undertake such a study.

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CSO: 4200/445

PHILIPPINES

CONSUMPTION OF PETROL, RELATED PRODUCTS FALLS

HK240645 Manila BUSINESS DAY in English 23 Dec 85 p 2

[Text] Petroleum consumption continued its downtrend this year, declining by 10.5 percent to 55.149 million barrels from 61.638 million in 1984.

Data released by the Ministry of Energy (MOE) late last week showed that asphalt consumption was also down by 22.2 percent to 270,000 barrels from 347,000 barrels last year.

Other petroleum products that showed noticeable declines in consumption included fuel oil, 14.9 percent to 20.748 million barrels from 24.390 million; liquified petroleum gas (LPG), 14.1 percent to 1.911 million barrels from 2.225 million; kerosene, 11 percent to 2.020 million from 2.269 million; regular gasoline, 7 percent to 2.526 million barrels from 2.717 million; avturbo, 5.1 percent to 2.681 million barrels from 2.824 million; and premium gasoline, 3.1 percent to 5.768 million from 5.954 million.

Aside from the economic slowdown and the shift to nonconventional energy sources, another factor which has caused the fall in consumption of essential fuels, particularly fuel oil, was the high tax component slapped on such products. Energy Minister Velasco last week said that lowering taxes on fuel oil, an essential fuel used by industry, can encourage economic activity. Fuel oil currently has a 30 percent tax component.

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CSO: 4200/445

PHILIPPINES

BRIEFS

RECORD RICE HARVEST PREDICTED--The agriculture ministry is predicting that the 1985-1986 harvests would be the largest palay crop on record. The large production for November and December is now estimated at 3.1 million metric tons. The production level will go even higher when the dry season crop which is now being planted is harvested early next year. The agriculture ministry claimed that typhoons which hit rice-producing regions this year failed to substantially affect overall production. Officials said that barring unforeseen calamities, there will be no more rice imports next year. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 24 Dec 85 HK] /12858

CSO: 4200/445

SINGAPORE

VOMO CRITICIZES SINGAPORE ON PRESS FREEDOM

BK230810 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 19 Dec 85

["News report": "Goh Chok Tong Speaks Glibly to Restrict Press Freedom"]

[Text] Goh Chok Tong, first deputy prime minister of the Singapore Government, spoke and answered questions from newsmen at a dinner sponsored by Harvard Club Malaysia in Kuala Lumpur in August of this year. Answering questions on press freedom in Singapore and on whether his government is exerting pressure on public opinion through its iron-handed rule, he [words indistinct] that the Singapore Government does not allow the existence of two opposing forces win support from public opinion. He said that the mass media and politicians should have broad common views and that the government does not allow the press to challenge politicians. In his opinion, if the press is allowed to do so, press leaders should stand in general elections because this means that press leaders are the same as politicians. He stressed that the press is not allowed to differ with the government in basic issues. He stated that he is not worried over the Singapore press which must perform its tasks under certain control.

Goh Chok Tong's nonsensical statement has in fact totally exposed the absence of press freedom in Singapore. It is public knowledge that the private press is normally a means to reflect public opinion and a means for the people to express their own views on government policies and other social problems. Hasn't the private press become a government servant since it is not allowed to carry opinion and views different from the government's and is only allowed to support government policies? Why is the People's Action Party too afraid of the people's views and is arbitrarily denying press freedom if it is right and just?

Goh Chok Tong denied that the Singapore Government is repressing public opinion through its iron-handed rule. This statement is comparable to trying to cover elephant corpses with winners. Why? The Lee Kuan Yew regime has been controlling the press through its iron-handed rule and depriving the people of the freedom of speech and press. In the last few years, the regime has taken a series of measures against the press in an effort to exert pressure on public opinion more effectively. In 1982, it merged two main Chinese-language newspapers--NANYANG SIANG PAU and SIN CHEW JIT POH and later established the Singapore News and Publication Limited (SNPL). This press group published LIANHE ZAOBAO and LIANHE WANBAO the next year. In 1984, SNPL

was merged with Science Publishing Berhad [Limited] as the Singapore Holding Press Group. At present, all newspapers in various languages published in Singapore are placed under this company. They have lost competitiveness. The direct and comprehensive action of the Lee Kuan Yew regime in controlling the press through monopoly groups has angered democrats at home and abroad. Local journalists staged protests to criticize the authorities for arbitrarily violating freedom of the press.

Not only does the dictatorial Lee Kuan Yew regime refuse to accept the people's views but it has gone even farther. According to a Singapore Government press release at the end of last April, [words indistinct] the professions of journalists and taxi drivers will be classified as necessary services under which they are not allowed to take industrial action. Consequently, journalists will no longer be allowed to take part in strikes. This has turned out to be another serious step in exercising tighter control over the press. In addition, the People's Action Party regime always takes measures against journalists through the Public Security Act. The public already knew this fact. Thus, Goh Chok Tong could unsurprisingly only speak globally when Kuala Lumpur newsmen posed questions on the Singapore Government's repression of freedom of the press.

/12913

CSO: 4213/60



15 January 1986

SINGAPORE

## BRIEFS

MINISTER OF STATE RESIGNS--NTUC [National Trade Union Congress] Deputy Secretary-General Dr Wan Soon Bee has resigned as minister of state, Prime Minister's Office [PMO]. Dr Wan tendered his resignation, according to a report in LIANHE ZAOBAO yesterday, to allow him to concentrate on union work. His resignation is the third reported in less than a week, following those of Mr Teo Chong Tee, parliamentary secretary (Community Development), and Mr Lau Ping Sum, political secretary (Health). Dr Wan, 45, will remain the member of parliament for West Coast, a constituency he has represented since 1980 when he first entered politics. His involvement in the NTUC came soon after he was first elected MP. He was made political secretary in the PMO in 1982 in a move to strengthen NTUC'S role in building up a highly motivated and productive work force. He was promoted minister of state without portfolio two years ago and was appointed to his position in the PMO after the last election. A vocal supporter of company welfarism, Dr Wan is also the only union representative on the high-level Economic Committee headed by Brigadier-General Lee Hsien Loong. [Text] [Singapore STRAITS TIMES in English 25 Dec 85 p 1 BK] /12858

CSO: 4200/442

THAILAND

MONK DESCRIBES CHAMLONG SECT AFFILIATION, PRECEPTS

Bangkok LAK THAI in Thai 28 Nov 85 pp 24-26

[Interview with Phra Phothirak about Maj Gen Chamlong Simuang and Santi Asoke; date and place not specified]

[Text] Santi Asoke is in the news again following the landslide victory of Maj Gen Chamlong Simuang in the Bangkok gubernatorial election. Is this a quack sect or a truly religious place? What is Maj Gen Chamlong Simuang's connection with Santi Asoke? Will Santi Asoke expand after serving as a base for Maj Gen Chamlong's rise to the position of governor of Bangkok Metropolitan? No one is in a better position to answer these questions than Phra Phothirak of Santi Asoke, who in the past has been charged with being a false savant. He granted this special interview to LAK THAI.

[Question] How did Maj Gen Chamlong Simuang happen to become affiliated with Santi Asoke?

[Answer] Chamlong was a seeker. He went to various temples in search of monks who could enlighten him about the Four Noble Truths. He came to listen to the teachings here in 1977. The Young Turks were well known then. But I did not know him. An officer who used to come here and who is now a general in charge of some department saw that Chamlong often came to listen to the teachings here. He pointed him out to me and said that even Young Turks were coming here.

I asked him about him, and he said that he was a good man. I had heard about the Young Turks, but I did not know him. After he pointed him out to me, I remembered him and saw that he came here quite often to study the teachings. That was when we became friends.

[Question] How great a role does Maj Gen Chamlong play at Santi Asoke?

[Answer] What do you mean by "playing a role?"

[Question] In terms of providing help.

[Answer] He does good deeds and engages in charitable activities. If we lack anything, he does his best to help. He has been of great help in spreading the

teachings. He helps because he thinks that we are following the proper course. A Dharma Army Foundation was established. He serves as the president. He has helped spread the teachings throughout the country. Sometimes he goes alone and sometimes he goes with members of the Dharma Army. He has given more than 400 speeches urging people to give up this and that. He has given up a lot. If you have anything extra, give it to society, that is Chamlong's motto.

[Question] Did he involve Santi Asoke in his campaign for governor of Bangkok Metropolitan?

[Answer] No. He knew that that was a personal matter. He did not use the name Santi Asoke in his campaign. I sent letters to the editors of all the newspapers. Because initially, when speaking about Chamlong, the newspapers frequently said "at Santi Asoke" or "of Santi Asoke." They frequently mentioned Santi Asoke. We didn't feel that that was right. That was a personal matter of Mr Chamlong. We didn't feel that they should involve Santi Asoke in this. There are still many people who do not understand us. That would not have been good.

Chamlong should be his own man and not involve us. Good and bad are up to him. If there are no problems, that is good. He will prove himself. I told the newspaper editors about this and received good cooperation. The newspapers did not involve Santi Asoke.

People know about things. They learn from various sources. Laymen help each other. People can't be blamed. They are brothers. People gave help. It's good that they helped Mr Chamlong, who has volunteered to shoulder these heavy burdens. Mr Chamlong is a capable and moral person. He is a very efficient person. He should be supported.

[Question] But during the election, Santi Asoki came under attack. It reached the point where people were told that they had to choose between Santi Asoke and the supreme patriarch.

[Answer] Some people were just trying to stir up trouble. That is their affair. It's too bad that they have to fight like this. It seems that they had to do that. I did not take offense. I forgive them. Everybody knows what should and should not be done. I didn't take offense. That is quite common in this world.

[Question] Before he entered the race for governor of Bangkok, did Maj Gen Chamlong discuss this with you?

[Answer] A little. But everything was up to Mr Chamlong. He is the one who made the decisions.

[Question] What effect will Maj Gen Chamlong's election victory have on Santi Asoke?

[Answer] I am not a fortune teller. I don't know what effect this will have. I can't make a prediction. I don't like predicting the future. I don't like making plans and formulating projects for the future. I like to work in the present. I prefer not to make predictions or make grand plans for the future.

[Question] This should at least enhance the image of Santi Asoke because Maj Gen Chamlong is a good person from Santi Asoke who is accepted by society.

[Answer] That's good. But you can't say that he is a product of Santi Asoke alone. Mr Chamlong has studied at various places. He learned things from the Chulachomklao Royal Military Academy and from the United States. There are many facets to Mr Chamlong, not just the Buddhist teachings. That is, he is not the product of Santi Asoke alone. Thus, it is incorrect to say that he comes from here. We are not that important. But it is good that he won the election. He has many good qualities that people everywhere respect. We feel the same way and so we campaigned for him.

[Question] Will the election of Maj Gen Chamlong help you to spread the teachings of Santi Asoke?

[Answer] We are being very careful about this. We will definitely not take liberties. I have warned my followers about this. People are watching us closely to see if we will take advantage of this. If we do anything inappropriate, they will think that we have taken this chance to spread our faith. I am very careful about relying on an institution or organization or relying on influential people. I am very careful about this.

I was very careful during the period that Mr Chamlong served as the secretary to the prime minister. Thus, no one has ever accused of us taking advantage of his influence, except those who have tried to malign us. Some people charged that we used Lumpini Park, but that was not true. It was Dr Rawi Phawilai who organized that. He had his own group. He asked permission to use Lumpini Park. But people used that to malign us.

We will definitely not do that. I have faith in the truth. We have to rely on ourselves. It isn't necessary to rely on something else. There are relationships everywhere. Because in this world, everything is related. People have to have relationships. We can't get away from each other. But we don't emphasize that. We don't have to create relationships. These exist as a matter of course.

[Question] Why have people charged that Santi Asoke is not a Buddhist sect?

[Answer] Santi Asoke's teachings have to be studied carefully. We subscribe to the Four Noble Truths. In practice, we follow the Noble Eightfold Path. We hold to the precepts and practice mental concentration in order to promote knowledge of the self. This is called "potential." We follow the precepts and teachings. We meditate. This is the way to gain wisdom and reach enlightenment based on the Noble Eightfold Path. The enlightenment of the Buddha was "sama" enlightenment, which will continue to produce effects.

Those who practice the teachings will be moral people. If people follow the teachings regularly, they will become moral people and act morally in their daily lives. Santi Asoke wants people to rid themselves of their defilements. Our goal is to practice the precepts and eliminate the defilements.

[Question] And so why have people charged that Santi Asoke is not Buddhist?

[Answer] That happens to be what other people think. That is why I said that our teachings have to be studied carefully. When there is a contradiction, there is conviction. They have confidence in what they call the truth. That is, they believe that that is the truth. Everyone has their own beliefs. We feel that our beliefs are the truth. But what is important is that there is no one to decide the question of whose "truth" is correct. It's a matter of belief. Such conflicts are normal.

[Question] But Santi Asoke is viewed as a quack religious office.

[Answer] We are trying to correct this view. As for being a quack religious office, in the system of the Council of Elders or Thai Sangha, they have their rules. Monks are not allowed to establish a temple. Those who want to do so must first establish an office. You have to ask for permission from the committee that they have established. You have to inform the Department of Religious Affairs based on their rules. You have to be sponsored by a temple. When you have a guarantor like this, you can register as a religious office. This is the proper way.

But if a religious office does not request permission and just goes ahead and establishes itself as a religious office, it is considered to be a quack office. Thus, in their system, there are both legitimate and quack offices.

But we are not subordinate to a Thai religious office or to the Council of Elders. We don't have rules and regulations. We call ourselves the Samnak Santi Asoke. Some people call us Samnak Sieolimyi. It becomes a habit to call us that.

Actually, Santi Asoke is a temple. That is, it is a proper Buddhist monastery. It is a proper temple based on Buddhist teachings. I want to say that we follow the Buddhist teachings. We are Buddhists. We just don't call Santi Asoke a temple as they would.

[Question] But in practice, it's necessary to request permission.

[Answer] According to the rules of the Council of Elders, you have to ask permission. But we are not subordinate to the Council of Elders. Why do we have to follow the rules of the Council of Elders? This has to be understood. We shouldn't be forced to do that. We belong to different sects. My sect is part of the Thammasanti Foundation. We don't use their rules because we belong to different sects. We don't have an office. They are wrong when they call us an office. They call us a quack religious office, but we don't have an office, either legitimate or otherwise. We don't have a system like that of the Council of Elders. This is something that is misunderstood.

[Question] Does this mean that you are separate from Buddhist circles in Thailand?

[Answer] You could say that. We are not part of the Thai Sangha. Article 25 of the constitution gives people the right to follow any religion or sect that they want. But we have not established a separate religion because we are confident that we have followed the Buddhist teachings. We want to join the sects. The reason why I split away was because of my objection to splitting the sects.

At that time, I was at Wat Osokaram. That temple belonged to the Thammayut sect. I wanted the Thammayut and Mahanikai sects to join together in practicing the teachings. They forbid that. I asked why. We are all monks. Why couldn't we study the teachings together? I didn't agree with dividing the sects like this. Achan Upatchana said that is if I was going to do that, I had to return the "Thammayut" card.

I didn't see any problem with that. The card had nothing to do with being a monk. I agreed to return the card later on. I then requested a card from a Mahanikai temple. That was before I split away. We had to follow the rules. I established the Asoke religious office subordinate to Wat Nong Krathum. But after we had registered in accord with the regulations, they kept harassing us in various ways.

Initially, when I requested a card, there was no problem. The abbot of that temple gave me a Mahanikai card. I carried the card for 2 years. I practiced both the Thammayut and Mahanikai teachings. I never disrobed. But I was criticized. People said that I was not a monk. Later on, I returned the Thammayut card and carried only the one card.

Later on, I was harassed again. I realized that I wouldn't last since they were doing everything they could to harass me. For example, when my students went to take the "naktham" examinations, they prevented them from taking the examinations. Senior people acted like this. When we wanted to conduct an ordination, they prohibited Phra Upatchana from conducting the ordination. They told him that if he did, he would be disrobed. There was a lot of trouble.

Things were very difficult. Those were not the only things done, just the main ones. There were a whole host of trifling matters. Actually, I would rather forget about those things. Those are defilements. I think it's better to forget about those things. They were suffering, too. I couldn't work and so I discussed matters with other people and monks. And actually, my "khana" [residential group] was big enough to form a religious group.

When I told them that I was splitting away, there were still charges that what I was doing was wrong. Actually, we were ready. We had more than 20 monks, which was sufficient to form a khana. We did everything according to the Buddhist teachings. We did not do anything in violation of the Buddhist discipline. We announced this and returned the cards. The cards were not important. We split away and formed our own group. We have placed ourselves directly under the discipline of the Buddha.

There is a split today. People have different views on what the real truth is. As I explained above, I say what I think is the truth. They do the same thing. There is nothing to determine which side is right. Only time will tell.

[Question] The Department of Religious Affairs has said that it will take action against Santi Asoke. Has it taken any action?

[Answer] No one has ever conducted an investigation. There has just been talk about taking action and conducting an investigation. But no official has ever come here. People have just spread rumors.

[Question] What if they actually did take action?

[Answer] Fine. I would like to talk with them. Let them see if they can find anything wrong. I am confident in my beliefs. But no one has come. They have just done things behind my back.

[Question] If they treat you nicely, will you do what they want?

[Answer] Let's not talk about what they want. The truth is what is important. What is good, what is real and what is right, those are the things that have to be discussed. You can't follow people. If you follow someone who is wrong, who does not know the truth, things will just become worse. The dharma is the dharma. The truth is the truth.

[Question] At present, about how many people follow the teachings of Santi Asoke?

[Answer] We don't think about that. We have never thought about gaining a large following. Our duty is to bring forth the truth. We have never worried about this and that belonging to us. We have never thought about having many disciples. If they believe, they can practice the teaching. Some call themselves members of Santi Asoke. That is fine with me. If they want to develop, we teach them. We don't count the number. We have never compiled statistics, and we don't intend to start. That isn't necessary. Our only duty is to spread the truth. Whoever wants to learn is free to come. If they don't, that is their right.

11943

CSO: 4207/91

15 January 1986

THAILAND

## LETTER SCORES POOR TREATMENT OF MUSLIMS IN SOUTH

Bangkok WIWAT in Thai 25 Nov-2 Dec 85 pp 4, 5

[Letters column: "A Cry From Thai Muslims"]

[Text] 6 November 1985

To: The editor of ATHIT-WIWAT

I would like to ask you to print my letter in your magazine.

"The despicable 'khaek' with their spirit religion." That is how one police officer, an official of the state, talks. He is the ... at the Satun provincial police station in Khuan Kalong District. His name is .... Actually, I don't want to reveal his name, but because of certain deep feelings, I have to. I live in Pattani Province. I have received letters from Muslim villagers in Khuan Don who are very distraught. A group of Muslims became upset when the principal at the Khuan Don school allowed a Buddha image to be set up at the school, where most of the students are Muslims. That was the reason for those "sweet" words. If he really did say that, that is shameful for a person of his position, a state official who is well educated. It is my understanding that all officials sent to work in the five southern provinces must take a special seminar. This is because the customs, traditions, religion and living conditions here are different. The religious problem is a very delicate problem that has given rise to other problems. Most of the problems that arise have to do with religion. Thus, if the officials sent here are not really well informed, conflicts will arise. You have probably heard it said that the south is no longer calm."

I mentioned the statement by that police officer in order to give an example to administrative officials who are sincere about trying to solve the problems. If possible, I would like the police officer mentioned above to show a manly spirit and explain his actions through the mass media. At the least, he should say something to show that he is a police officer who has been trained and who has the trust of the Police Department and that he is worthy of being supported by the people's taxes. He should not show such as aggressive attitude or reveal his disposition like that again.



The possibility of a split developing between the Thai Muslims and Thai Buddhists is quite great at the moment. Such a split can be caused by actions, words and ideas that become policy. For example:

1. A Buddha image, which is a sacred object for Thai Buddhists, was set up at a school where most of the students are Muslims. This led to a reaction by villagers in Khuan Don Branch District as was reported in the 28 October 1985 edition of MATICHON.

2. People's names were changed from the Yawi to the Thai language and new-born infants have to be given Thai names in order to facilitate contacting officials. Otherwise, people may have problems conducting business with officials, as happened to villagers in Ban Nang Sata District, Yala Province.

3. The names of local places have been changed and given Thai names. This has upset people and generated a reaction, as happened in Muang District, Pattani Province.

All of these things have created problems. Thai Muslims feel that they are being oppressed and trampled on. But looking at the things that officials have done, I feel that this is more a matter of their looking down on the Muslims. Officials just want things to be "sweet and convenient." But they don't consider whether their actions might upset the people. The Muslims are not stupid as some might think. That is a policy of "devouring a nation."

Wansaman Pattani

11943

CSO: 4207/94

THAILAND

PALACE HANDLES PHOUMI NOSAVAN CREMATION; LPDR APPROACHED

Bangkok NAE0 NA in Thai 17 Nov 85 pp 1, 3

[Unattributed report: "Laos Has No Feelings; Phoumi Cremated Today"]

[Text]Gen Phoumi Nosavan, the former deputy prime minister of Laos who died recently, will be cremated by the palace. His body will be placed in an octagonal casket and cremated on the afternoon of 17 November. His children want to return his ashes to Savannakhet, his birthplace. Cpt Kun Worarat, the personal secretary to the former Lao leader, talked with NAE0 NA about this on Saturday.

Last week, several former Lao leaders and right-wing politicians living abroad sent condolences to the relatives of Gen Phoumi. Some sent representatives to lay wreathes. Vientiane remained silent.

Cpt Kun said that the Bureau of the Royal Household announced the details about the cremation ceremony on 13 or 14 November. It announced that the cremation would take place at 1700 hours on 17 November at Wat Thepsirin. The body of Gen Phoumi will be placed in an octagonal casket, which is reserved for lords.

The personal secretary to Gen Phoumi said that the relatives of the former Lao leader want to place his ashes in the family pagoda in Savannakhet City, his birthplace, which is located in southern Laos. But they do not know whether the Lao communist officials will give them permission.

The leaders in Vientiane have not expressed any grief at his death, and they have not said whether they will allow relatives in Savannakhet and Vientiane to travel to Thailand to attend the funeral. The family of Gen Phoumi made an appeal to the Lao embassy in Thailand after his death on 3 November at the Rok Suang Ok Hospital in Nonthaburi.

Mr Phoumno Nosavan, the son of the former Lao leader, talked with NAE0 NA by telephone and said that several former right-wing and neutralist Lao leaders had sent letters expressing condolences at the death of his father. A letter from Gen Vang Pao arrived from the United States on the 9th. Letters from Cpt Kong and Phya In Paeng arrived from Paris on the 10 and 11th.

Mr Phoumno said that besides the fact that they are far away, these former Lao leaders and politicians have other problems that will probably prevent them from attending his father's funeral.

However, Cpt Kun said that even though these former leaders and politicians will be not able to attend the funeral in person, several of these people have sent representatives to lay wreathes.

11943

CSO: 4207/94

THAILAND

OFFICIAL REACTIONS MUTED OVER END TO TEXTILE EMBARGO

Bangkok LAK THAI in Thai 21 Nov 85 p 25

[Unattributed report: "Thai Textiles Flow to the United States, Who Won?"]

[Excerpts] Textile financiers sent workers to stage demonstrations in front of the U.S. embassy, the government was pressured to send people to negotiate with the United States and the mass media attacked U.S. protectionism for more than 3 months. Because of this, the United States had to send groups of senior officials to Thailand and other countries in Southeast Asia. And finally, on 11 November, Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, proudly informed the mass media that the United States had ended its embargo on Thai ready-made clothing. This problem arose several months ago when the United States charged that Thailand had exceeded the quota agreed on.

Mr Trairong Suwannakhiri, the spokesman for the Office of the Prime Minister, announced the results of the Council of Economic Ministers held at the Government House on 11 November. He said that the negotiations with the United States had produced three important agreements:

First, the United States agreed to lift the trade embargo on 8 October 1985. Thai textiles can now be exported to the United States as usual. The Thai goods that have been held at U.S. customs points on charges that goods were exported in excess of the quotas will be released.

Second, the amounts that Thailand exported in excess of the quota during the previous 2 years will be averaged as part of the quotas for 1986, 1987 and 1988. This will reduce the effect on the Thai textile industry.

Third, even though the new agreement will cut quotas for cotton garments, cotton sports clothes, nightwear and shirts made of synthetic material and wool by about 9.3 million square yards, the quotas for other types of goods will be increased by a total of approximately 18.6 million square yards.

However, Mr Koson Krairuk, the minister of commerce, did not seem very pleased with the negotiations. He said that the lifting of the embargo means that Thailand will have to take responsibility for the 18.6 million square yards of goods exported in excess of the quota in 1984 and the 4.2 million square yards of goods that were on their way to the United States after the embargo went

into effect. Altogether, Thailand exported approximately 23 million square yards of goods in excess of the quota. The United States has stipulated that this excess be averaged over the next 3 years, which means that Thailand's quota will not be cut just one year.

Mr Koson said that the United States has set the quota on Thai nightwear based on Schedule 651 at 31,500 dozen. And the United States does not have to show at what level imports affect the United States. Because of this, Thailand's 1986 quota is actually lower by 14,777 dozen. For the 3 years combined, Thailand's quota is lower by 48,638 dozen. Besides this, Thailand has agreed to reduce its quotas on 4 other items: cotton garments, 74,557 dozen; cotton sports clothes, 1,120,038 dozen; shirts made of synthetic materials, 2,190,824 dozen; and woolen clothes, 8,588 dozen. The original agreement did not set any quotas on these items unless there were specific agreements. "They were afraid that we would export large quantities and so they set limits," said Mr Koson.

Viewed directly, the lifting of the embargo on Thai ready-made clothing seems like a victory for Thailand. And it seems that this will revive Thailand's depressed textile industry. But looked at indirectly, Thailand actually gained very little because almost all the textile financiers in Thailand are foreigners who have invested in Thailand. This includes Chinese, Japanese, Taiwanese, Koreans and even Americans. As for the figure showing that 500,000 Thai would lose their jobs, that is just a smokescreen. What must be understood is that the embargo and the Jenkins Bill are two different things.

11943

CSO: 4207/94

THAILAND

BRIEFS

UPGRADE OF SPECIAL WARFARE COMMAND--The Special Warfare Command, which is commanded by Lt Gen Sunthon Khongsomphong, or "Big Chot," is the equivalent of an army area. At present, it has only two deputy commanders; that is, Maj Gen Sanan Sawetserani and Maj Gen Thonphon Punyopatsatham. Maj Gen Sanyawit Sirimonthon is the chief of staff. The unit needs one more deputy commander, a general's slot, in order to have the same number of deputy commanders as an army area. The army has taken steps to fill this position in the near future. A news source said that it still isn't clear who will be given this position. But it is thought that the person will come from within the unit. Some feel that the position will go to Maj Gen Sanyawit Sirimonthon, or Phi Aet, and that a new person will take over as chief of staff. Another news source feels that Maj Gen Khachon Ramanwong, the commander of the 2d Special Forces Division, will be appointed deputy commander of the unit and that a new person will be appointed commander of the 2d Special Forces Division. This news source said that if Maj Gen Khachon Ramanwong is appointed deputy commander of the Special Warfare Command, the person appointed commander of the 2d Special Forces Division will be a former paratrooper, that is, Col Charun Phunsanong, the deputy commander of the 9th Infantry Division in Kanchanaburi. That's what the news source said. [Text] [Bangkok LAK THAI in Thai 28 Nov 85 p 7] 11943

CSO: 4207/94

15 January 1986

## PEOPLE'S REPUBLIC OF KAMPUCHEA

## ARMY EMULATION ACHIEVEMENTS OF EASTERN ZONE CITED

BK121419 Phnom Penh Domestic Service in Cambodian 1200 GMT 6 Dec 85

[Text] In an atmosphere of enthusiasm with which our armed forces throughout the country are accelerating the emulation to create feats and sum up emulation achievements of the past 3 years, on the morning of 25 November the military command of the 2d Region held a meeting to sum up emulation achievements of the eastern zone from 1983 to 1985. The meeting was a great success.

Attending in the presidium of the meeting were, among others, Comrade Hun Neng, alternate member of the party Central Committee, provincial party committee secretary, and chairman of the people's revolutionary committee of Kompong Cham Province; Comrade Chieng Sm, deputy chief of the General Political Department and vice chairman of the National Defense Ministry's Emulation Council; Comrade (Kon Kan), deputy chief of the General Logistics Department, and several regional military commanders of the whole zone. A large number of representatives of outstanding units and of various provinces of the eastern zone also attended the meeting.

The participants heard report summing up emulation efforts made in the past 3 years in the eastern zone read by Comrade Top Sarom, deputy commander of the 3d Military Region, who stressed that through this 3-year emulation period many outstanding units and individuals were named. For example, the armed forces of Kompong Cham Province were recognized by other units of the eastern zone as the most outstanding unit in the emulation campaign of the zone. This powerfully contributed to the daily development of the emulation efforts. More outstanding units and individuals have come to the fore to join with the general masses in creating combined forces through new formulas and in the advance toward mastering the tasks under their responsibility.

The participants also heard special reports by outstanding units and individuals, such as the armed forces of Kompong Cham Province, the training school, and several communes.

Speaking on this occasion Chieng Am applauded units and individuals making great achievements in combat and in building strong local administration.

He urged all present that in the coming years they must further expand their feats in emulation to deserve the trust of the National Defense Ministry and especially must frequently sum up emulation work to keep it close to the other construction and combat duty of our revolutionary armed forces.

The meeting ended after unanimously selecting the Kompong Cham provincial armed forces to receive the progressive banner of the Council of Ministers for the zone's 3-year emulation campaign.

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CSO: 4212/35



PEOPLE'S REPUBLIC OF KAMPUCHEA

REPORT ON AGRICULTURAL DEVELOPMENTS 2-15 DEC

BK171017 [Editorial Report] Cambodian media monitored by Bangkok Bureau carried the following reports on agricultural developments in Cambodia during the reporting period 2-15 December:

Prey Veng Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 3 December reports that during the first half of November, peasants in this province tilled and sowed almost 500 hectares of various types of rice and transplanted more than 2,200 hectares of floating rice. The radio at 1300 GMT on 11 December adds that by early December, peasants in Prey Veng District, Prey Veng Province, had broadcast and transplanted more than 25,300 hectares of rice of all types of which 1,200 hectares were damaged by drought. They also planted nearly 700 hectares of flood-receding rice and reclaimed more than 400 hectares of land. Phnom Penh SPK in French at 0458 GMT on 5 December states that in November, fishermen in Prey Veng Province caught 200 metric tons of fish. They plan to catch 2,500 metric tons of fish and 100 metric tons of prawn during this fishing season. In 1984-85, fishermen of this province caught 2,086 metric tons of fish. They produced 5 metric tons of dried fish, 2 metric tons of smoked fish, and 20 metric tons of fermented fish. According to SPK in the same cast, since the beginning of this year, the provincial veterinary service has vaccinated more than 22,000 heads of oxen, 15,690 heads of buffalo, and 1,620 pigs against various diseases. At present, there are nearly 200,000 heads of cattle and 135,070 pigs. SPK adds: In November, peasants in Baphnum District, Prey Veng Province, sowed 20 hectares of rice and transplanted nearly 100 hectares of rice.

Koh Kong Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 3 December reports that fishermen in the province caught more than 2,200 metric tons of fish, 253 metric tons of crab, and produced more than 18,000 liters of fish sauce during the first 9 months of this year. The radio at 0430 GMT on 5 December adds that during the first 9 months of this year, the forestry service of Koh Kong Province produced more than 22,400 cubic meters of logs, more than 1,000 cubic meters of sawn logs, 650 metric tons of charcoal, and 14,400 cubic meters of firewood.

Kompong Cham Province: According to Phnom Penh radio at 1300 GMT on 4 December, the trade service in Kroch Chhma District, Kompong Cham Province, last

rainy season bought more than 500 metric tons of agricultural products from local peasants, including more than 250 metric tons of corn. The radio at 0430 GMT on 6 December notes that the trade service in Memot District, Kompong Cham Province, recently bought more than 2 metric tons of paddy from the people. At 1300 GMT on 6 December the radio adds that by 17 November, the trade service in Kompong Siem District, Kompong Cham Province, had bought more than 450 metric tons of agricultural products from peasants, including more than 200 metric tons of sesame, almost 10 metric tons of corn, over 200 metric tons of kapok, and almost 20 metric tons of soybean. Phnom Penh SPK in French at 0415 GMT on 9 December reports that at the end of October, peasants of Memot District harvested 4,037 hectares of rice with an average yield of 3 metric tons per hectare. During the same period, people in this district exploited more than 200 cubic meters of logs. The same SPK French cast adds that since the beginning of this year, workers at rubber plantation Memot of Kompong Cham Province have produced 14,243,200 liters of latex.

Kompong Chhnang Province: Phnom Penh radio at 1300 GMT on 4 December says that so far, peasants in Kompong Leng District, Kompong Chhnang Province, have planted more than 5,300 hectares of various types of rice, 870 hectares of subsidiary crops, and more than 20 hectares of industrial crops.

Siem Reap-Oddar Meanchey Province: Phnom Penh SPK in French at 0441 GMT on 14 December reports that by mid-November, peasants in this province have harvested nearly 6,100 hectares of rice. Last rainy season, they planted 151,200 hectares of rice and 4,900 hectares of subsidiary and industrial crops. Phnom Penh Domestic Service in Cambodian at 1100 GMT on 4 December adds that by 15 November, peasants in Puok District, Siem Reap-Oddar Meanchey Province, had harvested 950 hectares of rice and more than 40 hectares of subsidiary crops.

Kompong Speu Province: The radio at 2300 GMT on 4 December says that veterinarians in Kompong Speu Province vaccinated more than 48,900 cattle against various diseases. The radio at 1300 GMT on 13 December adds that by early December, peasants in the province had put 500 hectares under rice and more than 470 hectares under vegetables and other food crops.

Kandal Province: Phnom Penh Domestic Service in Cambodian at 1300 GMT on 5 December notes that during the first 9 months of this year, the trade service in Kandal Province bought more than 2,500 metric tons of paddy, more than 75 metric tons of sesame, 558 metric tons of tobacco leaves, 200 metric tons of pigs, and almost 400 metric tons of palm sugar from the people. Phnom Penh radio at 1300 GMT on 10 December says that nearly 60,000 head of cattle were vaccinated against foot-and-mouth disease and 100,000 head of cattle against other epizootic diseases in Kandal Province. The radio at 1300 GMT on 9 December reports that in 1985-86 fishing season, fishermen in Lvea Em District plan to catch 600 metric tons of fish and produced more than 250 metric tons of dried, smoked, and fermented fish and 30,000 liters of fish sauce. At 0430 GMT on 10 December the radio adds so far this season, fishermen in this district have caught more than 51 metric tons. The domestic service at 0430 GMT on 11 December notes that so far fishermen in S'ang District have caught over 820 metric tons of fish or 500 metric tons more

than the amount in the same period last year. The radio at 0430 GMT on 12 December adds that the trade service in S'ang District bought almost 140 metric tons of paddy from peasants. Phnom Penh SPK in English at 1109 GMT on 10 December reports that in the first 9 days of November, peasants in Ponhea Loe District plowed 100 hectares of land, raised seedlings on 54 hectares, and planted 45 hectares of the IR-36 variety. Phnom Penh SPK in French at 0441 GMT on 14 December says that by the beginning of December, peasants in Kandal Stoeng District had transplanted more than 250 hectares of rice and sowed more than 41 hectares of rice.

Svay Rieng Province: Phnom Penh Domestic Service in Cambodian at 2300 GMT on 11 December reports that peasants in Svay Rieng District, Svay Rieng Province, put 33,000 hectares of land under cultivation out of the planned 37,000 hectares. By the end of November, 6,000 hectares of early rice had been harvested with an average yield of more than 1 metric ton per hectare for local rice strain and 2 metric tons for IR-36 strain.

Kompong Thom Province: Phnom Penh SPK in French at 0441 GMT on 14 December reports that at the beginning of this dry season, peasants in the province had transplanted 132 hectares of rice. Up to now, they had harvested more than 7,100 hectares of rice planted in last rainy season. They had also built 13 embankments totaling 300 meters of length and dug 1.5 km of irrigation canals. Phnom Penh Domestic Service in Cambodian at 0430 GMT on 13 December notes that during last rainy season, peasants in Santuk District, Kompong Thom Province, planted 12,000 hectares of rice or 70 percent of the plan and more than 400 hectares of short-term subsidiary crops.

/6662

CSO: 4212/35

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

KPRAF SUCCESSES NOTED--In cooperation with the Vietnamese volunteer troops, our KPRAF conducting sweep operations against the enemy along the Cambodian-Thai border and in the remote regions last week put out of action some 300 enemy soldiers from various factions, killing 173 and wounding or forcing to surrender more than 100 others. We seized 101 assorted weapons, 2 metric tons of ammunition, 2 walkie-talkies, 43 mines destined against communication roads, and a large quantity of war materiel. It should be noted that our armed forces and militia units conducted six unassisted sweep operations during that period, putting out of action 145 enemy soldiers. [Excerpt] [Phnom Penh Domestic Service in Cambodian 1200 GMT 12 Dec 85 BK] /6662

CSO: 4212/35

## MILITARY AFFAIRS AND PUBLIC SECURITY

### IMPROVED MILITARY WORK IN ORGANS, ENTERPRISES URGED

Hanoi QUAN DOI NHAN DAN in Vietnamese 7 Oct 85 pp 1, 4

Editorial: "Do a Good Job of Carrying Out the Military Work in Organs and Enterprises"]

[Text] With the implementation of the Party's military line, in recent years the military work in the sectors and the state organs and enterprises has been promoted. Representative of that movement is the Geology General Department, which was recently praised by the Council of Ministers for building reserve mobilization forces, and was awarded a scroll by the Ministry of National Defense which stated: "The Geology General Department builds strong self-defense forces, maintains combat-readiness and fights victoriously."

But in addition to the sectors and units which do a good job, there are still some sectors and bases which, because of inadequate awareness of the plots of the enemy and of their mission to consolidate national defense, have not closely combined economic construction with the consolidation of national defense or carried out many aspects of the military work well.

The military work in the sectors and the state enterprises and organs is a very important part of the fulfillment of the Party's military mission and is intimately related to the consolidation of national defense. To meet the requirements of the present situation and missions, while at the same time putting the military work onto the right track, the experience of the geology General Department and a number of sectors show that first of all it is necessary to enable all sectors and echelons, especially the key cadres--to fully understand that the Party's two strategic missions--building socialism and defending the socialist Fatherland--must go hand-in-hand. That is the key to enabling the military work to be carried out well in all sectors, spheres, and units of the state. The basic units of the state must also, on the basis of fully understanding the Party's strategic missions, endeavor to do a good job of fulfilling the specific missions of the military work, such as building self-defense forces, building reserve mobilization forces, drafting youths, applying civil defense measures, and combining the economy with national defense and national defense with the economy.

The self-defense forces and armed forces of the organs and enterprises are workers and civil servants. Those forces account for an important part of the total number of militia and self-defense forces in the nation and are steadily

increasing. Along with the militia forces, the self-defense forces play an important strategic role in the great undertaking of building the armed forces and consolidating our country's national defense. Therefore, it is necessary to enable the self-defense forces to fully understand the situation and missions, increase their revolutionary vigilance and fighting will, have strong organization, and be trained to raise their military level, have tight troop management, and always have a high degree of combat readiness under all circumstances. In the present situation, the self-defense forces of the basic state units must be exemplary in fully implementing the patrol and guard systems, and whenever necessary, in such strategic areas as the border areas, the island, the large industrial areas, etc., the organization of command alert and combat alert systems according to the stipulations of the local military organs, unite closely with the other armed forces, and do a good job of fulfilling the mission of maintaining security and order at each base.

The state bases are places where increasingly larger numbers of cadres and technical workers needed for national defense. Therefore, it is necessary to pay attention to doing a good job of military registration, building reserve forces, doing a good job of implementing the Military Obligation Law, fulfilling the annual military draft norms, attaining the full numbers with high quality, in correct accordance with the policies and by the deadline, meet the requirements, and provide outstanding workers and civil servants for the army. In each basic unit, depending on their strengths and trades and on the national defense needs, must build reserve forces and prepare plans to appropriately mobilize industrial capacity and go all-out to utilize all existing capabilities, while at the same time being concerned with making good preparations with regard to ideology, organization, physical training, and military knowledge in order to mobilize rapidly and join in the fighting immediately.

While carrying out economic and social development, the basic units of the state must pay all-out attention to combining it with the requirement of consolidating national defense, to combining production with training and forging a military way of life, to maintaining security and order and protecting production, and to maintaining combat readiness and fighting well. On the basis of the long-range and short-range national plans, plans must be drafted for each sector. Those plans must not only include economic and cultural strategies but also clearly indicate the directions, contents, and methods of combining them with the requirements of national defense strategy.

In order to help the heads of sectors study, and guide, monitor, and direct the fulfillment of, the military missions, it is necessary to perfect the organization of the leadership and guidance of the military work at all echelons, especially by the sectors directly related to national defense. The military organ of a sector is directly guided by the head of that sector. The cadres of the military organs of all sectors who are assigned by the Ministry of National Defense or appointed by the sector must have enthusiasm, a strong sense of responsibility, have specialized ability in each aspect, unite and coordinate closely with the specialized organs in the sector and in the other relevant sectors, and fulfill the missions of serving as a staff for the sector head with regard to the military and mobilization tasks and combining the economy with national defense and national defense with the economy.

5616

CSO: 4209/116

INTERNATIONAL RELATIONS, TRADE AND AID

HANOI REVIEWS DEVELOPMENTS AFTER U.S.-USSR SUMMIT

BK191513 Hanoi International Service in English 1100 GMT 19 Dec 85

[Text] A month has passed since the Soviet-U.S. summit closed in Geneva. Since then, both sides have taken different deeds which demonstrated the different stands toward the improvement of the world political atmosphere. Here is our review of the situation:

What the world people wanted from the Soviet-U.S. summit is an agreement on disarmament and removal of a nuclear war danger. This is also question of primary concern by the Soviet state and the noble goal of the Soviet people's struggle. Since the summit, the Soviet Union has always been in the van in disarmament. On 12 December Soviet Party General Secretary Mikhail Gorbachev declared that the Soviet Union has completed the dismantlement of the SS-20 missile launching pad. Earlier, at the opening session of the Supreme Soviet, the Soviet Union has decided to maintain the military spending in 1986 at the level of 1985. These are acts of goodwill which demonstrated the Soviet Union's unchanged stand. This stems from the Soviet Union's foreign policy of peace and its high responsibility toward world peace and security.

It is necessary to note that these two decisions, which were made immediately after the Geneva summit, have helped promote the process of easing the world tension and laying ground for further important steps in the talks of nuclear arms limitation in Geneva. Besides, on 10 December the Soviet Union received 400 American businessmen who came for a visit and for discussion on cooperation. This is another Soviet effort to improve Soviet-U.S. relations in the spirit of the joint declaration issued at the Geneva summit and further strengthen their scientific and technical cooperation. This spells out that the two states of different political systems can peacefully coexist.

The Soviet Party General Secretary Mikhail Gorbachev once stated: The peaceful coexistence is an art which should be grasped while everything reached its [word indistinct]. It is regretable that the U.S. has taken deeds quite contrary to the Soviet efforts. Immediately after the summit, the Pentagon declared that it would not renounce the experiment to carry out

its SDI program, how costly it may be. Washington not only stepped up the SDI program, but also urged its allies to joint this dangerous gamble. Observers said the SDI program may cost the United States \$3,000 billion. The UN, in a resolution, called for a worldwide movement to boycott the SDI program.

Meanwhile, the U.S. continues the deployment of its missiles in Western Europe and other places. The Canadian Defense Ministry has disclosed that the U.S. has signed with Canada eight documents on nuclear cooperation, including the deployment of U.S. long-range missiles in Canada.

It is too fresh in people's minds that before the Geneva summit U.S. President Reagan had made a hue and cry about regional questions and tried to make the world public to believe that the U.S. is the defender of regional security. However, the U.S. deeds do not match its words. In early December U.S. henchmen, with U.S. missiles, shot down a Nicaraguan helicopter. Taking pretext that Nicaragua has threatened the U.S., Washington has feverishly supplied up-to-date war means, such as ground-to-air missiles, to the Nicaraguan counterrevolutionaries. The shooting down of the Nicaraguan helicopter is the direct outcome of the U.S. policy of interference in Nicaraguan internal affairs. Besides, there are many other acts revealing the U.S. moves and acts to oppose independent states in Central America.

It is estimated that the U.S. spends about \$2 billion annually for anti-Nicaraguan activities. The U.S. has also stepped up its arms supplies to Nicaragua's neighbors to form a belt and staging bases for the rebels to oppose Nicaraguan revolution. Western sources said in 1986 the U.S. will give Costa Rica \$2 million to strengthen the latter's police force and send to Honduras more planes and lorries.

The development last month further proved who advocates and preserves peace and who is feverishly stepping up the arms race, especially the nuclear one, aggravating world tension.

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CSO: 4200/427



INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

OUTGOING AUSTRALIAN ENVOY--Hanoi, 18 Dec (VNA)--Ambassador Extraordinary and Plenipotentiary to Vietnam Richard Philip Broinowski today paid a farewell visit to Chairman of the Council of Ministers Pham Van Dong before leaving for home for a new mission. Chairman Pham Van Dong had a cordial talk with the Australian diplomat. [Text] [Hanoi VNA in English 0841 GMT 19 Dec 85 OW] /9738

NICARAGUAN YOUTH UNION DELEGATION--Hanoi, 19 Dec (VNA)--A delegation of the "July 19" Sandinista Youth Union of Nicaragua led by Raul Valdivia, member of the Union Central Committee in charge of the youth in the security force, today concluded its visit since 7 December. The delegation was received by Vu Mao, member of the Communist Party of Vietnam Central Committee and first secretary of the Ho Chi Minh Communist Youth Union. It called at a number of youth union organizations of the Vietnam People's Army and toured several provinces, including Tay Ninh in the south and Lang Son in the north. At a press conference held before its departure, the delegation talked about the activities of the Nicaraguan youth and expressed solidarity and friendship with the Vietnamese people and youth. [Text] [Hanoi VNA in English 1515 GMT 19 Dec 85 OW] /9738

CSO: 4200/427

ECONOMIC PLANNING, TRADE AND FINANCE

HCM CITY COMMERCIAL SECTOR ENDEAVORS TO MASTER MARKET

Hanoi QUAN DOI NHAN DAN in Vietnamese 8 Oct 85 p 3

[Article by Tran Hoang: "Ho Chi Minh City Commercial Sector Positively Controls Goods, Expands Retail Selling, Maintains Strict Price Discipline"]

[Text] In recent days the market in Ho Chi Minh City has undergone a number of complicated changes. Speculators and dishonest merchants have spread false rumors and upset the market in hopes of impeding the positive transformation in the spirit of Resolution 8. In view of that situation, along with the sectors and echelons, the commercial sector has deployed a "battlefield position" to take many positive steps to master the market.

Positively Controlling Goods, Expanding the Retail Network

Only if there are goods can there be a market, and only if one controls many goods can one master the market. That is an evident and strict truth! Ho Chi Minh City has a strength with regard to manufactured goods, but it has too few agricultural products and food products, while the consumer market for those products is large. Because of the limited capabilities of the central echelon to distribute and allocate goods, the municipal commercial sector took the initiative in organizing alliances and joint operations, and the exchange of goods with the provinces and municipalities throughout the nation. In order to expand alliances and joint operations it is necessary to have increasingly large numbers of manufactured products. The commercial sector established close relations with the industrial and small industry sectors, and positively affect production, while at the same time expanding the state purchasing network and controlling the local sources of goods to a high degree. It is estimated that in 1985 the total value of goods purchased will amount to nearly 700 million dong (new money), an increase of about 10 percent over 1984. In order to ensure that the stores, marketing cooperatives, and state purchasing stations and teams of the wards and districts purchase effectively, the Commercial Service and the banking sector met 100 percent of the need for cash to purchase a number of essential goods. When so requested, the sector also invested directly in production to increase local sources of goods in the other provinces. In Hau Giang, the sector lent tens of millions of dong so that the province could invest in building a sugar mill and a river port.

From the beginning of the implementation of Resolution 8, in exchanging goods with the other provinces the sector made many positive improvements. From forcing the various places to exchange goods for goods, the sector advanced to exchanging goods based on foreign exchange, paying in cash, or paying with transfer payments. Because a number of intermediate links and troublesome procedures were eliminated, the approval of requests to ship goods from the city was facilitated and speeded up, was welcomed by the other provinces, and solidarity and mutual assistance were strengthened. In this month the sector has invested tens of millions of dong in capital construction and invested hundreds of millions of dong worth of goods to expand joint-operation stores in the other provinces. Some sources of fresh and live foods, such as fish, often undergo changes (when fish are plentiful all of them cannot be marketed, but when there are continuous changes fish are scarce). In order to overcome that situation and ensure that there are always enough goods to serve the people, the sector, along with the localities and the relevant sectors, organized processing and produced canned, frozen, and dried goods. The slaughter houses, pork processing plants, fish sauce plants, etc., of state commerce are continually being expanded and improved technically.

Since the beginning of the year the organized market has accounted for about 50 percent of the market in Ho Chi Minh City. From now until the end of the year state commerce and the marketing cooperatives have endeavored to sell about 70 percent of the goods circulated on the market. The sector is endeavoring to attain higher rations with regard to some other goods: pork, 97 percent; cooking fuel, 80 percent; greens, 60 percent; sugar, 80 percent, soap powder, dipping sauce, etc., and, along with the grain corporation, meet 100 percent of the city's rice needs. In order to meet that goal, while positively controlling goods, the sector has urgently improved the supplying of goods and expanded the retail network in accordance with the new commercial mode.

In addition to arranging for all cadres, workers, and civil servants to study Resolution 8, the commercial sector of Ho Chi Minh City disbanded the elements serving selling, supplying, and distribution, transferred many indirect workers to direct selling of goods, and opened nearly 1,000 additional selling locations with the goods necessary to serve the people. During the coming period the sector will endeavor to ensure that there is one retail food location for every 1,000 people. All-out attention has been paid to bringing socialist commerce into the markets. Between now and the end of the year state commerce will increase its market share from 40 percent to 70 percent. The sector will organize the state stores and the marketing cooperatives so that they can attain dominance in all concentrated population areas, and many organs, factories, enterprises, communications hubs, bus stations, etc. The store hours will be adjusted so that they can be appropriate to the requirements of consumers. Many places have applied the form of mobile selling. Implementing the policy of directly "taking goods to the front," the Commercial Service has eliminated red tape and stipulated that the intermediate corporations would not be discounted as in the past. When there is a need for goods the retail installations need only report their needs and the responsible corporations will send the goods directly or "shunt" goods directly from the sources. The installations are authorized to buy the goods they receive at guidance prices, but do not have to pay for them immediately,

but only after receipt of the next shipment. Under those conditions, the retail network has developed rapidly and promptly received many goods to sell. The sector's retail forces have increased 40 percent over the second quarter of 1985. In Thu Duc District they doubled.

#### Resolutely Maintain Strict Price Discipline

The commercial sector of Ho Chi Minh City takes the view that taking the initiative with regard to prices not mean leaving the price system unchanged. Depending on the conditions, the prices of some goods may be reduced. But because of the inclusion of all expenses in production costs, the prices of some goods may increase. Therefore, to take the initiative with regard to prices is to maintain strict price discipline in a timely manner, in accordance with stipulations. In that regard, commodity funds play a decisive role, but other factors are also very important. The actual situation after the price supplements and money exchange in the city shows that some prices increase even if there is no scarcity of the goods. Therefore, the sector pays special attention to managing prices.

The struggle to control the market during the money exchange affirmed and further enriched the experience gained by the commercial sector in including price supplements in wages. Prior to the money exchange the sector had a large supply of goods, enough to meet all needs. In order to prevent "in advance" the situation of holding back goods while awaiting price increases and oppose speculation and the depletion of goods, the sector carried out inspections and inventories of all goods at stalls and in the store rooms of state stores, marketing cooperatives, and jointly operated corporation. Throughout the money exchange period the sector released goods in order to maintain prices. The selling locations closed only 4 hours a day. The marketing cooperatives arranged on-credit sales of essential goods to the working people. During and after the money exchange the entire retail system immediately change their prices from the old currency to the new currency. The sector organized inspections and strictly forbade the rounding-off of prices. The sector and the public security sector, severely dealt with people who deliberately violated price discipline. The prices of many products on the city's market have been essentially stabilized. The prices of some products, such as cigarettes, fish sauce, sugar, etc. increased because socialist commerce did not have sufficient goods to release on the market in time. Furthermore, the private merchants continued to take advantage of "openings" to speculate, increase prices, and created an artificial scarcity of goods.

Having gained experience in the money exchange, the sector is positively creating additional sources of goods, so that they are sufficient to supply the market and so that prices will not increase greatly when the new wages are implemented. On the basis of production costs and circulation expenses, the commercial sector drafted price guidelines, obtained the approval of the Price Commission, then announced the implementation of uniform prices throughout the city. With regard to jointly operated commercial cooperation stores, the Commercial Service stipulated that private individuals cannot directly purchase goods, but can only find sources of goods to sell to the corporations or so that the store managers can purchase them, in order to ensure rational

selling prices (because selling prices are always tied in with selling prices). At the markets the retail sellers must register prices, which they may post only after they are approved by the price management committee. In order to maintain strict discipline vis-a-vis the stipulated prices, the commercial sector has coordinated closely with the market management committee, the public security and tax organs, and the workers, inspection teams to continually inspect and oversee prices at all state, collective, and private locations. In September 1985 penalties were imposed in more than 2,000 violations of price discipline, including some people who were prosecuted. The working people especially applauded the court's severe punishing of dishonest merchants and price increasers. Everyone regarded that as a specific, practical manifestation of the socialist legal system for the well-being and happiness of the people. The movement for "everyone to participate in market management" launched by the municipal Party committee and the Municipal People's committee is receiving strong response. If everyone is determined to only buy goods within the published price guidelines of the commercial sector and prices posted in accordance with regulations, it will be difficult for anyone to violate price discipline.

5616

CSO: 4209/116

ECONOMIC PLANNING, TRADE AND FINANCE

ARMED FORCES SAID TO PLAY ROLE IN MARKET MANAGEMENT

Hanoi QUAN DOI NHAN DAN in Vietnamese 7 Oct 85 p 3

[Article by Viet An: "Transform and Management Private Commerce"]

[Text] Our country still has many economic components and the private commercial forces still control many aspects of buying and selling goods on the social market. At a time when socialist commerce (state stores and marketing cooperatives) are not yet able to meet all needs of the consumption and circulation of goods, promoting the transformation, organization, use, management, and guidance of private commerce so that it operates within the socialist orbit and the management policy of the state is an important, urgent task in order to contribute to the victorious implementation of the resolution of the 8th Plenum of the Party Central Committee on prices, wages, and money. Private commerce includes many different components: commercial bourgeoisie who are not yet willing to truly transform themselves, dishonest merchants who speculate and engage in the black market, the large, medium, and small full-time merchants, and people who produce and market goods in the family economy. In recent years, in addition to the building of a nationwide socialist commercial network, the transformation and management of private commerce has received attention and has attained definite results, but they are not yet uniform, deep, or solid. The dishonest merchants and a number of the commercial bourgeoisie have evaded transformation and continue to take advantage of openings and weaknesses in economic management and in the activities of the socialist commercial sector. Along with the speculators and blackmarketers, they have upset the market and prices. Their interests are in opposition to those of the working people.

With regard to them, the policy of our state is very clear: resolutely eliminating the commercial bourgeoisie and changing them and their families over to the production of material wealth for society. The dishonest merchants, speculators, and blackmarketers who make their livings dishonestly must be dealt with resolutely. With regard to administrative measures, we have strengthened our organization of management, first of all in the state organs, in order to stop activities which assist or cover up for them, stepped inspections, and completely eliminated the gangs of blackmarketers and speculators.

With regard to people who registered to engage in commerce we applied many transformation forms which are appropriate to the present conditions, in order to use them to serve life and social production. A form of transformation that has good effect and has been widely disseminated in the southern provinces and municipalities is organizing commercial cooperation between the state and private merchants and regulated and managed by the state. At present, more than 8,000 businessmen in the south have entered commercial cooperatives (most of them in Ho Chi Minh City) and more than 700 stores have been set up with capital amounting to hundreds of millions of dong. A new commercial force has taken form on the social market. In their activities the jointly operated stores have begun to combine the interests of the state and the private merchants with those of the consumers. However, a problem that must be posed is paying attention to gradually strengthening the socialist nature of jointly operated commerce to gradually attain the goal of the socialist transformation of businessmen. At the same time, it is necessary to overcome the arbitrary use of private merchants in long-distance business that is not managed by the localities, which creates difficulties for market management.

Most of the small merchants are from the working class and a considerable number are members of families of workers, civil servants, or troops. Their buying and selling is only intended to increase the family income. With regard to such people, it is necessary to provide them employment, such as with marketing cooperatives, retail agencies, or goods sector teams, sign technical labor contracts with them, or provide them with employment with the small industry-handicrafts production trades.

At present, when we have begun to implement the price, wage, and money policies, the cadres, workers, civil servants, and popular masses are concerned over whether or not price stability and real wages can be maintained. At a time when socialist commerce accounts for only a little more than 60 percent of retail sales and about 60 percent of wholesale sales on the social market, and the lives of wage-earners are still dependent to a large degree on the free market, those fears are legitimate.

In order to ensure stable living conditions, a matter that is now more important than ever is tightly and strictly managing the free market. Everyone authorized to engage in commerce must fully observe the state regulations regarding the circulation of goods and market management, such as commercial registration, trade name registration, product quality, weighing and measuring, etc., the regulations regarding taxation, credit, and the service rules, the locations of selling locations and stalls, etc. Especially, they must maintain price discipline. The market management forces must coordinate closely and campaign extensively for cadres, workers, civil servants, and the people to support and struggle resolutely to enforce, the stipulations regarding prices, ensure market stability and the stabilization of living conditions, and create good conditions for production to undergo a transformation in accordance with the new policy of the Party and state regarding prices, wages, and money.

The results of the transformation and management of private commerce is closely related to the commercial activities of the socialist commercial

forces. By bringing into play its leading role, the socialist market will contribute to transforming and managing private commerce. On the other hand, before the socialist commerce is sufficiently strong to master the private market, private merchants will have an opportunity to freely engage in unorganized commerce.

Therefore, while transforming private merchants a matter of foremost importance is rapidly building up increasingly larger and stronger socialist commercial forces. It is necessary to overcome the tendency to think that in comparison to the needs the state has too few goods and too little money to manage the market and prices, and cannot struggle effectively against the private merchants. The actual situation shows that whether there are many goods or few goods, and whether there is much money or little money, if socialist commerce rapidly grows and becomes stronger and undergoes a profound transformation with regard to its material bases, network, organization, cadres its commercial and social modes, etc., in the spirit of Resolution 8, it can do a better job of controlling goods and money, buy and sell effectively, and advance to mastering the market. During the recent period, in addition to expanding the catering and service networks state commerce has increased its retail locations and contributed importantly to struggling against the private merchants and stabilizing the market. The transformation and management of private merchants is one of the important market management tasks in which all responsible people must participate. Therefore, contributing to transforming and managing private commerce is a responsibility of the cadres and men of the armed forces. The units must step up their propaganda, proselytize the people in places where troops are stationed, be exemplary in observing the market management regulations, and absolutely refrain from unintentionally or unintentionally helping the dishonest merchants, speculators, or blackmarketers. Those are practical ways to contribute to attaining the goal set by our party and state of essentially completing the transformation of private industry and commerce by the end of this year.

5616

CSO: 4209/116



ECONOMIC PLANNING, TRADE AND FINANCE

SONG BE, THUAN HAI STRENGTHEN MARKET MANAGEMENT

Hanoi QUAN DOI NHAN DAN in Vietnamese 4 Oct 85 p 1

[VNA News Release: "Song Be and Thuan Hai Strengthen Market Management, Oppose Arbitrary Price Increases"]

[Text] Song Be Province has motivated the mass organizations to, along with the public security, financial, and banking forces, and the control units, strengthen market management and oppose the increasing of prices and the spreading of false rumors. At the city of Thu Dau Mot the market control units at the Binh Duong, Phu Hoa, Phu Tho, Phu Van, and Cay Dua markets inspected the posting of prices and the selling of goods at the posted prices.

Thanks to discoveries by the masses, the inspection teams strictly warned and submitted reports on 13 shop owners who illegally increased prices or dispersed goods to peddlers to avoid taxes. Eighteen private merchants who strictly implemented the stipulations were allowed to enter into joint operations with the marketing cooperatives and stores.

In addition to continuing to consolidate more than 100 stores and service locations, and marketing cooperatives, Tan Uyen district in Song Be Province organize 85 service, catering, tailoring, bicycle repair, barbering, and other shops, in the cooperatives and production collectives.

The Tan Ba cooperative, the district's trial unit, opened two commercial service stores which reached the income level of 38,000 dong per month.. The cooperative set aside part of its profits to build public welfare installations and material bases for the villages. The service stores sell goods at prices 10 to 15 percent lower than those on the free market prices, which both creates favorable conditions for the people and increases the income of the cooperatives by between 12,000 and 40,000 dong per month. The villages of Tan Ba, Khanh Binh, Hai Nghia, and Tan Phuoc Khanh have expanded the network of stores in the production collectives and operated them profitably, so they have both obtained income for cooperative members and obtained capital to invest in building or repairing 13 kilometers of roads, 2 bridges, and 480 square meters of schools, and dig two artesian wells.

The district is continuing to expand the activities of the locations selling food products, produce, and construction materials in the central areas and

contributed to stabilizing market prices.

Immediately after the currency exchange the financial, banking, price, market management, and public security sector of Thuan Hai Province, in coordination with the economic sectors, guided and inspected the state retail stores and stalls, the private merchants, and the marketing cooperatives in posting prices and selling goods at the posted prices.

During the first phase, in inspecting 36 key economic bases and hundreds of state, collective, and private stores and stalls, the inspection teams uncovered many instances of speculation and price raising. The province stipulated that the state retail stores and stores, the marketing cooperatives, and the private merchants had to post prices and sell in accordance with the posted prices. The inspection teams uncovered 32 instances of speculating and black marketing, arrested 21 people who committed serious violations, and confiscated nearly 7 tons of goods valued at more than 2.5 million dong. A number of people who deliberately committed violations are being charged so that they can be prosecuted.

The province's grain and commercial sectors have opened many additional stalls and increased the supply of goods, especially the various kinds of essential consumer goods, to sell to the peasants, thus contributing importantly to stabilizing market prices. The provincial bank guided the district banks in giving priority to the production bases and the state purchasing units in order to have sufficient goods and concentrate goods in the hands of the state. Thanks to the resolution of the money problem, during the days of the money exchange alone the units purchased nearly 10,000 tons of maritime products and tens of thousands of tons of grain. On peak days Ham Thu District purchased 150 tons of fish, the most ever. Every day Ninh Phuoc District purchased between 300 and 350 tons of grain.

5616

CSO: 4209/116

15 January 1986

## ECONOMIC PLANNING, TRADE AND FINANCE

## HANOI, THUAN HAI, LAM DONG STRENGTHEN MARKET MANAGEMENT

Hanoi NHAN DAN in Vietnamese 10 Oct 85 p 1

[Article: "Hanoi, Thuan Hai, and Lam Dong Strengthen Market and Price Management"]

[Text] The workers' management teams and market management teams of the municipality of Hanoi, coordinating closely with the public security and financial sectors of the precincts, districts, and cities, inspected 442 state commercial stalls and stores and 1,500 private merchants in 21 markets in and around the city. They dealt strictly and fairly with 1,500 incidents, including 198 instances of price increases, 189 instances of underweighing, and 18 instances of slipping goods to speculators and blackmarketers.

The inspection teams also discovered retail clerks at the Thong Phong, Cho Dua, 57 Kham Thien, Kim Lien, Thuong Dinh, Le Quy Don, Mo, and other food markets who underweighed goods (by an average of 10 to 30 grams per kilo) by such tricks as installing magnets, smearing asphalt, hanging steel screws, etc., under the scale weights, or removing the aluminum core from the weights. The inspections also uncovered a number of state retail store employees who brazenly and openly slipped tasty, high-quality goods to blackmarketers, such as at the Gia Lam and Nguyen Cong Tru food stalls and the grain stalls on Chien Thang B52 and Ngo Si Lien streets. Hai Ba Trung Ward broke up more than 10 incidents of speculation, hoarding, producing ersatz goods, and dealing illegally in goods managed by the state. In one case so much sugar, flour, and the other kinds of staples were stored in a house that eight cyclos were needed to take those goods to the state warehouse. Notable were two instances of speculating in and hoarding electrical goods and bicycle parts, by Ha Hoai Hien at No 2 Thinh Yen and Nguyen Thi Hai at 35 Thinh Yen. When Hien's house was searched there were found 68 electrical goods, from electrical wires, electric plugs, fuses, and electrical components to electrical meters, transformers, electrician's pliers, etc., valued at 20,000 dong (new money). Nguyen Thi Hai hoarded all kinds of bicycle parts, including hundreds of tires, hundreds of kilograms of spare parts, and nearly 100 Thang Long pumps.

The commercial tax sector of Thuan Hai Province increased the tax rates of 5,803 private merchants who registered to engage in commerce by an average of 17.5 percent, especially those in the restaurant sectors and class 1, 2, and 3 merchants. A number of private merchants who did business illegally and

evaded taxes were discovered and forced to pay the full amount of taxes. The city of Phan Giang-Thap Cham adjusted the tax rates for 725 households, combined with the transformation of the cloth and restaurant sectors, and set up joint buying and selling teams, in order to have conditions for guiding them in doing business in accordance with the regulations and stipulations of the state regarding market management.

Since the beginning of August, in the municipality of Dalat (Lam Dong) more than 100 merchants doing business illegally have been discovered and brought to justice, and a number of commercial personnel who slipped high-quality goods to private merchants and upset the market were disciplined.

5616

CSO: 4209/106

AGRICULTURE

EFFORTS MADE TO MAKE UP FOR FLOOD LOSSES

Hanoi QUAN DOI NHAN DAN in Vietnamese 6 Oct 85 pp 1,4

[VNA News Release: "Localities Promote Winter Season Production To Make Up for Flood Losses"]

[Text] During this year's winter season Vinh Phu Province is going all out to plant between 12,000 and 15,000 hectares of winter crops, including nearly 11,000 hectares of subsidiary and grain crops (5,220 hectares of corn, 4,150 hectares of sweet potatoes, and 1,460 hectares of white potatoes) to increase the supply of grain to make up for losses in places heavily damaged by floods.

The districts of Vinh Loc, Tam Dao, and Phong Chau planted between 700 and 1,500 hectares of corn and are endeavoring to attain yields of 19 to 20 quintals per hectare. The districts of Lap Thach, Tam Thanh, Song Thao, Doan Hung, and Viet Tri have fully utilized the bottomland along the Da, Hong, Chau, and Lo rivers to plant 200 to 600 hectares of corn. The entire province is endeavoring to attain an output of more than 9,200 tons of winter corn to help resolve difficulties regarding grain. The provincial seed corporation sent to the districts more than 80 tons of seed corn, primarily 3-month corn, which produces a quick harvest.

The corporation also sent to the cooperatives more than 25 tons of soybeans, nearly all of them the V-74 variety, to plant on river bottomland. The districts of Vinh Loc and Tam Thanh were provided sufficient soybean seeds to plant on bottomland.

The Vinh Phu Seed Corporation supplied to the cooperatives, organs, schools, enterprises, and army units of vegetable seeds of all kinds, 2.6 tons of green beans, etc., for planting during the winter season. Many types of seeds were sent directly to the basic level so that the peasants could restore production after the floods.

The party committee echelons, governmental echelons, and mass organizations in five districts in the southern part of Ha Nam Ninh Province which were lightly flooded are mobilizing the units and people to help the people in 10 heavily flooded districts stabilize living conditions and production, especially to plant between 10,000 and 15,000 hectares of sweet potatoes and winter corn and between 12,000 and 15,000 hectares of vegetables and subsidiary food crops.

To contribute to helping those districts have 1,000 hectares of sweet potato haulms, the cooperatives inspected and protected the entire sweet potato haulm areas, fully utilized the land to plant additional sweet potatoes, and tend the seedstock plants. Many cooperatives in the five southern districts also encouraged all households to help the people in flooded areas by providing 10 kilograms of sweet potato haulms. Some schools encouraged and guided all students to contribute 40 sweet potato haulms to help the people in flooded areas.

In order to restrict to a minimum the damage caused by the rain and floods, the water conservancy sector of Thai Binh Province guided the irrigation corporations and stations draining the tributaries and lowering the buffer water, and cooperated with the districts in coordinating the opening of sluice gates to drain excess water and save the rice. When the flood water began to recede, in addition to opening two large sluices to drain water into the sea, the province opened more than 60 drainage sluices in the lower courses of the Red, Thai binh, and Tra Ly rivers. During the past several days the province has drained more than 15,000 hectares of rice in inundated low-lying areas and thousands of hectares in the downstream areas of Tien Hai, Kien Xuong, and Vu Thu districts.

Ha Bac Province is guiding the flooded areas in taking steps to ensure that nearly 30,000 water buffaloes and oxen have sufficient feed during the coming months.

In addition to guiding the cooperatives in the flooded areas in setting aside part of the reserve grain to raise draft water buffaloes and oxen the agricultural sector in Ha Bac guided the production bases in planting 5,000 hectares of feed crops, including 3,000 hectares of thick-planted corn and rice, for use as green fodder.

The districts of Tien Son, Que Vo, Yen Phong, Yen Dung, etc., guided the cooperatives with 10th month rice areas that were wiped out by the flooding in using rice planted in fields which escaped the flooding to obtain green shoots for use as animal feed. The districts of Gia Luong, Thuan Thanh, Tien Son, que Vo, Yen Phong, etc., fully utilized bottomland among rivers to thick-plant 1,000 hectares of corn. Many districts in the province have specific plans to interplant corn in sweet potato areas in order to process green corn stalks into feed for water buffaloes and oxen.

The districts and cities in the outskirts of Hanoi are shifting white potato seedstock from places with surpluses to places with shortages, while at the same time sending cadres to the cooperatives to provide technical guidance in propagating white potatoes by the method of separating the sprouts in order to resolve the situation of a shortage of seedstock for winter crops. Hanoi is going all-out to, between now and the end of November, to plant more than 5,000 hectares of winter white potatoes to make up for the 10th month rice output lost because of the floods.

In order to be on guard against later rain, many cooperatives in areas around the city have prepared ash, rice husks, and humus soil in order to plant white potatoes on wet ground. The districts of Gia Lam, Phuc Tho, Dan Phuong, and

Dong Anh are encouraging the cooperative members to set aside 6 to 10 tons of manure to fertilize the white potatoes. Many cooperative member households have also purchased additional nitrogenous, phosphate, and potash fertilizer to fertilize meat potatoes and attain high yields.

5616

CSO: 4209/116

## AGRICULTURE

### NHAN DAN URGES RESTORATION OF ANIMAL HUSBANDRY AFTER FLOODS

Hanoi NHAN DAN in Vietnamese 10 Oct 85 pp 1, 4

[Editorial: "Restore Animal Husbandry After the Floods"]

[Text] The foremost goal of animal husbandry is the production of increasingly larger amounts of food products for people, draft power for production, fertilizer for intensive cultivation, and products to meet the other needs of the economy. Animal husbandry is tied in with cultivation and makes the results of cultivation as a conditions for production. At the same time, it creates conditions for intensive cultivation. Therefore, when nature causes difficulties for cultivation it at the same time causes difficulties for animal husbandry.

The recent floods caused animal husbandry in a number of areas to encounter major difficulties. Several hundred thousand hogs, more than 100,000 water buffaloes and cattle, and much poultry in the heavily flooded areas in the provinces of Ha Nam Ninh, Thanh Hoa, Hai Hung, Ha Bac, Ha Son Binh, Binh Tri Thien, etc., have insufficient, or no, feed and pens.

The restoration and development of livestock and poultry must be carried out urgently and calculated carefully in order to attain the greatest results in animal husbandry in the short range and in the long range. The localities must guide the people in the flooded areas in immediately taking the water buffaloes, cattle, and hogs to high and dry places, while also promptly providing the various kind of animal husbandry materials, veterinarians, and medicines to prevent and treat livestock and poultry diseases. The provinces affected by flooding must sell to the cooperatives and people engaged in animal husbandry mixed feed and bran, and provide them with seed corn and nitrogenous fertilizer so that the people can grow thick-planted corn. In low-lying areas they must guide the people in growing water commelina and propagating azolla to obtain feed for water buffaloes and oxen. The provinces of Ha Nam Ninh, Ha Bac, Hai Hung, etc., promptly adopted the policy of setting aside 200 to 240 square meters of land for each water buffalo or ox for growing thick-planted corn or subsidiary food crops in order to obtain feed to save the water buffaloes and oxen from starvation. That policy can be applied widely in many other localities.



The provinces and municipalities must assign specific plans to the districts not affected by flooding so that they can assign at least 80 percent of the 10th month rice straw for the water buffaloes and oxen, and set aside the necessary amount of straw to help the flooded places. They must make effective use of the 10 to 15 percent of the land set aside for animal husbandry, and contract out to cooperative members the growing of grass for water buffaloes and oxen and greens for hogs, in order to increase the supply of feed for livestock. In the mountain region it is necessary to organize rotational grazing on pastureland, and in the lowlands it is necessary to fully utilize grass on area and field dikes for grazing by water buffaloes and oxen. The production installations must set aside areas for the intensive cultivation of grassland to provide sufficient feed for water buffaloes and oxen, especially in the dry and cold season.

The agricultural areas need much draftpower for the winter season and succeeding seasons. Before beginning soil preparation the localities must balance their draft water buffaloes and oxen with the area that must be plowed and harrowed. If there is a shortage, steps must be taken to supplement the draft power by buying additional animals or distributing water buffaloes or oxen in the sphere of districts or perhaps in the sphere of provinces. Alliances must be formed among the mountain region, midlands, and lowland regions so that they can provide one another with draft power for production. Troublesome red tape involved in transporting water buffaloes and oxen from places with surpluses to places with shortages must be ended immediately in order to overcome the situation of some places having water buffaloes with no work to do while other places not having enough water buffaloes to do all the work.

We must take good care of water buffaloes and oxen and use them rationally so that they can have sufficient strength to work the soil during the cold season without collapsing. Therefore, it is necessary to ensure that water buffaloes and oxen have enough to eat and work within their limits, and effectively prevent and treat diseases. Water buffaloes and oxen must be categorized according to health and draft capability in order to have an appropriate system of care and work and gradually improve the quality of water buffaloes and oxen.

The maintenance and development of hogs, especially sows, in the flooded areas is every important. The agricultural sector and the relevant sectors must, along with the provinces and municipalities, fully and promptly meet the needs of the areas affected by natural disasters which cannot meet their own needs for feed and the necessary materials. At present the localities still have many meat hogs of marketing age but cannot market them. That bottleneck has restricted the rate of increase of hogs, feed is wasted, and animal husbandry is not profitable. The localities must urgently prepare money, goods, storage facilities, transportation facilities, etc., and quickly purchase hogs weighing more than 30 kilograms, give priority to purchasing in flooded areas, and create conditions for people engaged in animal husbandry to begin to raise additional pigs. Mass inoculations and the repairing and cleaning up of pens must also be carried out urgently in order to ensure safety for the livestock and poultry.

Rapidly overcoming the consequences of the floods, stabilizing the lives of the people, and restoring production are urgent tasks which demand concentrated guidance by the party committee echelons and governmental administrations and close coordination by the relevant sectors. By bringing into play the collective mastership spirit, manifesting consciousness of self-reliance, and helping one another, the people in the flooded areas can rapidly stabilize living conditions, stabilize production and contribute to developing animal husbandry.

5616

CSO: 4209/106

AGRICULTURE

POORLY MANAGED DRAFT ANIMALS DIE DURING WINTER

Hanoi NHAN DAN in Vietnamese 20 Nov 85 p 2

[Unattributed article: "Caring for Draft Buffaloes, Cattle During Winter-Spring Season"]

[Text] Yearly during the winter-spring season, because buffaloes and cattle must work a great deal, feed is scarce and the weather is cold, they often collapse. The past few production seasons have shown that the number that die each season is equal to from 1.1 to 1.5 percent of the total herd (1.8 to 2.3 percent of the draft buffaloes and cattle) of the north, creating a draft power shortage in many lowland provinces and a number of locations in the midlands.

Aimed at restricting to the lowest level the number of dead buffaloes and cattle, many provinces and cities such as Thai Binh, Haiphong, Vinh Phu, Nghe Tinh, Ha Tuyen, Hoang Lien Son, etc. have instituted many methods for actively caring for and protecting the herd, especially the draft buffaloes and cattle. Many localities have reserved 80 percent of the straw from each season or set aside from .8 to 1.2 tons of dry straw per animal for feed during the winter-spring season. These locations have also diverted a 10 to 15 percent portion of the land reserved for stock raising divided by the head to raise green fodder crops; reserved part of the winter crop land to raise field corn for the buffaloes and cattle to eat when grass is scarce; and diverted a portion of the grain for the animals to eat after days of heavy work.

On the other hand, localities in the north have renewed their methods of handling and using draft animals in coordination with stock raising contracts. The cooperatives of Khanh Phu and Yen Mat in Ha Nam Ninh Province, Tho Tang and Ngu Kien in Vinh Phu Province, Ngo Quyen in Hai Hung Province, and Noi Due in Ha Bac Province, etc. have groups specialized in concentrated plowing and harrowing under the control of the production unit. With this form, the animal performs proper and rational work with few collapses due to cold and hunger or work in excess of its capacity. Many basic level production units assign the buffaloes to from two to four families but with regular herdsman and one or two plowing specialists. This is a fairly widespread method in the agricultural cooperatives. It demands that the cooperatives have specific buffalo and cattle use regulations and close connection of handling with the letting of stock raising contracts.

Moreover, the localities also periodically inspect and classify the animals before and after each plowing and harrowing season in order to have a plan to

care for and nurture them, to cull out the old and weak, and to supplement the number of healthy and fat buffaloes and cattle in order to increasingly satisfy production draft power requirements.

Although the localities have made many efforts, generally speaking, the buffalo and cattle herd in the lowlands, midlands and a number of areas in Region 4 still has a shortage of feed each year, especially during the months of February, March and April. Nearly all the cooperatives are only able to set aside 50 to 70 percent of the straw after each season and there are even locations where no straw is reserved and no land set aside for the production of animal feed. The management and use of buffaloes and cattle is still arbitrary and not a few cooperatives issue nonspecific contracts in the alternating use of buffaloes and cattle for plowing and harrowing. These are the reasons that many of the animals collapse during the winter-spring season.

7300

CSO: 4209/195

## HEAVY INDUSTRY AND CONSTRUCTION

### SEMINAR DISCUSSES HO CHI MINH CITY INDUSTRIAL DEVELOPMENT

Hanoi NHAN DAN in Vietnamese 17 Nov 85 p 1

[Unattributed article: "Ho Chi Minh City Develops Machine Industry"]

[Text] Recently in Ho Chi Minh City, the central and local machine sectors, colleges, and high-level and technical schools held a seminar to discuss the course and method of making the machine sector of the city a sector of modern machine manufacture to support agriculture, communications and transportation, and consumer metal products and exports production.

The machine sector is one the strengths of the city in the economy. The municipal machine system consists of nearly a hundred factories of all types able to produce simple and modern, rudimentary and complicated products from steel processing and rolling, nonferrous metal and chemical refining and electronics to ship building and the manufacture of a number of machines for agriculture, water conservancy, communications and transportation, and the repair of ships and aircraft. The machinist ranks are large with 58,000 fairly skilled individuals. In technology, there are the casting, stamp forging and plating trades producing even motorcycle and automobile parts. The city is also an international trade center and protected Saigon Port is easy for ships to exit and enter. The strategy of machine sector development is oriented toward a central task of serving agricultural production and water conservancy. The machine sector must rearrange production and the use of still great capabilities in order to produce various types of machines for working the land to support the Mekong Delta and the area surrounding the city, not allowing a situation to occur in which a province imports hundreds of small machines and engines while the Southern Machine Corporation has the ability to produce those same types of machines.

Actively develop the electronics industry, ship building and repair services and anticipate the petroleum industry in a rational manner. In conjunction with the capabilities of surveying and exploiting sources of raw materials such as iron, bauxite, etc., gradually build the machine manufacturing industry, considering it a course of foremost importance in developing the industrial capabilities of the city. Within the city, rearrange and replan the central and local machine sectors, coordinate the various levels, including small industry and handicrafts, and mobilize the strength of other economic components with efforts to produce specific products while avoiding duplication. The municipal machine industry has a responsibility to assist in the development of provincial machine sectors.

Basic level units suggest that the state institute policies on the capital mobilization, industrial product prices, protection of domestic machine products, and stronger coordination in the association between schools and enterprises with the purpose of utilizing the grey matter of the scientific and technical ranks for swift introduction to experimental and mass production.

7300

CSO: 4209/195

LABOR

# TEMPORARY REGULATIONS ON INSTRUCTOR SUPPLEMENTS ISSUED

Hanoi GIAO DUC LY LUAN in Vietnamese No 5, Aug 85 p 56

["Temporary Regulations on the System of Supplements for Instructors and Lecturers"]

[Text] Because of the increase in prices, there are many aspects of the regulations regarding instructors of Party schools, in-service political theory or professional schools and classes at all levels and of the departments of the party committees, stipulated by Official Letter 166, dated 11 August 1981, and Official Letter No 244, dated 6 November 1982, of the Finance and Management Department, which are no longer appropriate.

After holding discussions, and reaching agreement, with the Propaganda and Training Department Organization Department of the Party Central Committee, the Finance and Management Department decrees the following temporary regulations regarding the system of supplements for instructors and lecturers:

1. Articles a and b of Chapter 3 of Official Letter No 244, dated 6 November 1982, of the Finance and Management Department, are abolished.
2. Refreshment expenses and supplements paid in money to instructors and lecturers, and supplements for the examination councils and board of proctors, are increased five-fold over the levels stipulated by Official Letter No 166, dated 11 August 1981, of the Finance and Management Department. If, after being increased five-fold, there is a fraction under one dong, it is rounded off to one dong.

The first and last paragraphs of Chapter C, Part II, of Official Letter No 166 are changed to read as follows:

--Cadres who receive state salaries and are invited by schools or organs to give lectures, explain lessons, report on current events and policies, etc., and in fact lecture or present reports half a day or all day and must eat meals at the school or organ which invited them receive an allowance of 50 dong a day. The inviting school or organ pays instructors and lecturers additional allowances and sustenance payments to instructors and lecturers if any money is left over after the deduction of meal payments. In the case of instructors and lecturers who live far away and are qualified to receive to

receive travel allowances and are qualified to receive travel allowances (Money for trains or airplanes), and per diem allowances, the inviting school or organ pays them in accordance with the current travel expense regulations.

--Cadres not receiving state salaries who are invited by a school to report on the actual situation are paid a meal allowance of 150 dong per person per day during the reporting period. Travel and per diem allowances while they are traveling are paid in the same way as cadres on official business who receive state salaries. If the cadre must arrive before, or leave after, the reporting period, the school pays them meal allowances at the above-mentioned levels for a maximum period of 2 days, including the periods before and after reporting.

3. With regard to the scope, objects, and conditions under which the refreshment expenses and supplementary payments paid to instructors and lecturers, supplements for test grading, etc., implementation must continue to be in accordance with the stipulations of Official Letter No 166.

4. These temporary regulations are in effect as of 1 July 1985.

Acting Department Head

Signed: Minh Chau

5616

CSO: 4209/119



LABOR

# PROVINCIAL PARTY SCHOOLS GAIN TEACHING MANAGEMENT EXPERIENCE

Hanoi GIAO DUC LY LUAN in Vietnamese No 5, Aug 85 pp 57-58

[Article: "Gain Experience in Organizing Economic Management Education"]

[Text] Implementing the policy of the Department of Propaganda and Training of the Party Central Committee, recently many provincial party schools have carried out recapitulations and gained experience in organizing the teaching of economic management, in accordance with the curriculum stipulated by the Department of Party Schools. The Board of Directors and all cadres teaching Economic Management at the Son La Province Party School and at the Nguyen Van Cu School in Ha Bac prepared recapitulation reports on applying the common curriculum to the specific local conditions and circumstances, and reports on organizing guidance of instruction and study, the application of the slogan of combining the teaching of theory with practice, and the instructional and study forms and methods of the subject. Those reports were approved at scientific conferences held by the schools and were supplemented and perfected by the mass instructional and research cadres.

The schools believe that Economic Management is a difficult subject that is still very new and unfamiliar to them. Therefore, so that the teaching and study of Economic Management can attain results it is necessary to pay attention to cultivating the ranks of instructors, and strengthen the direction and guidance of the upper echelon. Furthermore, the schools, and especially the Economic Management instructors, must exert themselves in studying and self-cultivation so that they can raise their specialized levels and meet the requirements of the new missions.

The reports emphasized the importance of applying the slogan of relating theory to practice in teaching and studying Economic Management. In implementing that slogan, the Nguyen Van Cu Party School in Ha Bac has always included the characteristics of the three economic areas (the lowlands, the midlands, and the mountain region) of the province in the lessons to help the students understand the theoretical principals in a more lively manner and help them analyze and compare the actual problems of the locality. On the basis of the common curriculum, the Son La Party School prepared and concretized three types of curricula for three categories of students.

The first was a curriculum for the long-term training classes for instructors of district party schools, successor cadres for the districts, and cadres for the provincial sections and sectors.

The second was a curriculum for key village cadres (especially chairmen) secretaries, and village successor cadres). In that curriculum the problems of agricultural management receive in-depth attention and are analyzed more carefully.

The third was a curriculum for the leadership of the province's production and commercial enterprises. Of course, that curriculum will enter more deeply into the problems of industrial management. In general, the schools have both concluded that it is very necessary to supplement the economic management knowledge of cadres and party members directly managing the sectors and the economic installations. Although the initial phase of organizing instruction and study was very difficult and confused, they made a definite contribution to improving the economic management knowledge and ability of the students.

In order to improve the quality of training in that subject, the schools sincerely recommend:

--That lesson outlines and reference and guidance materials be supplied to the localities more promptly.

--That special attention be paid to training and cultivating economic management instructors to conform with the new requirements.

5616

CSO: 4209/119

HEALTH, EDUCATION AND WELFARE

IMPROVED SERVICE OPERATIONS WILL INCREASE FREE TIME

Hanoi NHAN DAN in Vietnamese 17 Nov 85 p 3

[Article by Mai Huy Bich: "Service Operations and Improvement of Living Standards"]

[Text] State-operated service operations in the cities of our nation answer only about 10 percent of requirements of society and many extremely necessary services are given little concern or have gradually "withered away."

Sociological investigative data on the Kim Lien collective area (Hanoi) indicates that from 1963 to 1979, the number of families increased by 7.2 times but the food and general merchandise service system did not increase at all! In communications service, according to statistics, the Thong Nhat Passenger Vehicle Corporation presently has 600 vehicles compared with 500 million passenger trips, including the streetcar system, and municipal public transportation handles 10 percent of requirements. In repair services, Hanoi has more than 70,000 bicycles alone but the entire city has merely 10 large and medium repair service points. The state-operated ready-made clothing sector only answers 12 percent of requirements. Because services are not emphasized, nearly all the essential requirements in service operations of the city resident must be entrusted to private operators (for example, 95 percent of the bicycle repairs are handled by private operators) who raise their prices with impunity to drain the financial budget of the wage earner and lower his standard of living.

According to data on families of cadres and workers with an average standard of living, expenditures for ready-made clothing alone account for one-third of what they spend on service! The lack of emphasis on service has other consequences no less burdensome--the consequences of time. Daily, besides the time spent on work in social production and additional work at home to increase his income, the resident of a city (such as Hanoi) loses an average of 1 hour and 8 minutes either waiting for transportation or in transit like a pendulum from home to place of work and return over a roundtrip distance of 5.2 kilometers; with women losing an additional 3 hours and 15 minutes and men 1 hour and 50 minutes dealing with service facilities to purchase food, cook and perform household chores. This greatly restricts the remaining time for relaxation: not a full 3 hours for men daily and not 2 hours for women.

There are many causes for the retardation in service operations, partially due to a subsidization system which causes many service facilities to operate at a loss and to provide low incomes for service personnel, but an important reason

is the failure to fully evaluate their importance. They are neglected, considered not truly necessary or do not yet occupy a vital position in the national economy as they do in the developed countries where there is a strong tendency to not only increase state investments but to also transfer a large number of personnel from direct production labor to the service field. The viewpoint here has deep roots in the rural area and among the farmers. Elimination of subsidization has not created a change in the viewpoint and activities of the service sector. As a matter of fact, service plays an extremely important role in urban life.

Service is not only to speak of the overall economic development standards but also to recognize the urbanization standards of a society. To the individual urban resident, due to concentration of a heavy population within a confined area and the distribution of labor and specialization of production sectors to a high degree, and due to the discipline of industrial labor in accordance with a firm time schedule, the labor of an urbanite is not aimed at self-supporting the producer himself but at the mass consumer field. This has led to formation in the city of the intermediate step between production and consumption of service, a field which the rural resident endowed with "self-support" has not understood or emphasized. In folk lore, the proverb "your rice is in the market, your water in the river" [to be rootless] is filled with a sardonic undertone for the individual (such as a craftsman) who is not self-sufficient in daily activity requirements but must depend on someone else. Through the service field, the city resident is able to acquire all the necessary materials for life. Therefore, service is an indispensable condition of life and the participation of service is an organic feature of urban life, a form, behavior and special contact in the city.

Differing from many other economic sectors, the social efficiency of service, in conjunction with other indicators, may be measured by a special parameter, the time of the citizen. The formation of a service system is aimed at a final objective of saving time and increasing free time. If the time of the urban resident is generally noted as precious, his free time is increasingly emphasized and considered of social value. Unoccupied time is a child of the urban way of life, and the tradition of treasuring free time appeared at nearly the same time as the city. This is the most outstanding difference between urban life and that of the rural area which sociologists call the "attitude toward time" and "time behavior."

The use of service operations, although the much greater dependence on service enterprise agencies in the activities and lives of the individual is regulated in a more objective manner, liberates the urban dweller from countless concerns such as daily requirements and a myriad of other "unnamed" tasks, and thanks to that, provides much more time for active recreation, relaxation and consumption of cultural values. When speaking of the function of free time, sociologists usually emphasize its usefulness to the individual: recreation to restore his strength and relaxation to pursue studies, develop capabilities or voluntarily participate in social life. In the final analysis, when the laborer has free time, society also benefits because as C. Marx stated, "Free time changes anyone with it into a different subject, and with the status of a different subject, he steps into the direct production process."

However, under the conditions of our country at the present time, the significance of free time is not only that. To the individual, when his 8 hours of work daily and 48 hours weekly are not reduced due to economic conditions, if the service operations system is well developed, there will be much time for household chores and working to augment income or pay for daily requirements and therefore, following this meaning, an increase in free time is in itself an improvement in the standard of living for time is truly money. To the family, especially families not homogeneous in the social aspects (the heterogeneous family), each member has a different trade and a different place to work and consequently, their viewpoints and interests also differ and sociological data indicates that the time budget is severely restricted.

Most of the time during the day, the daily activities of family members occur outside and far from the home, and private time with each other and for other activities at home is entirely tied up with household considerations because the service operations system does not answer those needs (cooking, laundry, water, house cleaning, etc.) and therefore the male only has 3 hours and 30 minutes and the female 2 hours and 58 minutes of contact with other family members. Under conditions in which the family is as close as if there were one "common bedroom" as described by a foreign sociologist, an increase in free time allowing the members sentimental and spiritual contact with each other is an important factor in strengthening family warmth and mutual understanding between members.

It is usually thought that only an increase in subsidies, a reduction in the cost of goods, etc.--methods concerned with the financial budget--are an improvement in the standard of living. In fact, the emphasis, development and elevation of service operations to form an important economic sector are aimed at a final objective of improving the "time budget," and increasing the free time of the urban resident in itself is to elevate life and moreover, is a method of improving the standard of living in an aspect which, in accordance with the trend of the era, will become increasingly important: the time aspect.

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